

AUSTIN ENERGY'S TARIFF PACKAGE: §
2015 COST OF SERVICE § BEFORE THE CITY OF AUSTIN
STUDY AND PROPOSAL TO CHANGE § IMPARTIAL HEARING EXAMINER
BASE ELECTRIC RATES §

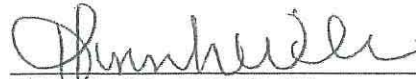
**AUSTIN ENERGY'S RESPONSE TO AE LOW INCOME CUSTOMERS'
TENTH REQUEST FOR INFORMATION**

Austin Energy ("AE") files this Response to AE Low Income Customers' ("AELIC") Tenth Request for Information submitted on May 24, 2016. Pursuant to the City of Austin Procedural Rules for the Initial Review of Austin Energy's Rates § 7.3(c)(1), this Response is timely filed.

Respectfully submitted,

**LLOYD GOSSELINK ROCHELLE &
TOWNSEND, P.C.**

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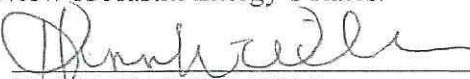
THOMAS L. BROCATO
State Bar No. 03039030

HANNAH M. WILCHAR
State Bar No. 24088631

ATTORNEYS FOR AUSTIN ENERGY

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this pleading has been served on all parties and the Impartial Hearing Examiner on this 31st day of May, 2016, in accordance with the City of Austin Procedural Rules for the Initial Review of Austin Energy's Rates.



HANNAH M. WILCHAR

AUSTIN ENERGY
2016 MAY 31 PM 1:34

AELIC 10-1 On page 8 of AE rebuttal testimony of Greg Canally, Mr. Canally testifies that the direction of the \$14.5 million dollar proceeds from the sale of land in connection to the former Energy Control Center to help fund the "new ECC on Riverside Drive" was made by the City Council when it approved the MDA. Please identify each document, including emails, notes, memos, presentations, legal documents, transcripts, power point presentations that AE is aware of that supports this statement.

ANSWER:

By agreement of the parties, this request has been withdrawn.

Prepared by: -
Sponsored by: -

AELIC 10-2 Please provide a copy of each document identified in No. 10-1 and for each document, identify where in that document is the supporting information located?

ANSWER:

By agreement of the parties, this request has been withdrawn.

Prepared by: -
Sponsored by: -

AELIC 10-3 Is any of the costs related to the construction of and/or operation of “the new ECC on Riverside Drive” included in the TY2014 COS, including CIP and the AE requested transfer to CIP? If so, please identify the amount and where each cost included in the COS is located?

ANSWER:

The System Control Center (SCC), located on Montopolis Drive not Riverside Drive, replaced the Energy Control Center (ECC) in January 2013. The inception to date cost of purchasing and remodeling the building is \$92,436,874. This cost has been debt funded. Austin Energy does not discretely track the debt service cost for individual assets, other than generation plant assets. The debt service payments related to the SCC are embedded in the amounts shown in the Distribution function on Work Paper C-3.1, column ‘O’.

The direct operating costs are included in the TY 2014 distribution function. These costs are embedded in the amounts shown on Work Paper D-1. In the test year, the direct operating costs for the SCC are shown in the table below. These costs do not include utilities and telecommunications costs, which are tracked along with all facilities in a separate account.

| FERC Code | Amount (\$) |
|-----------|-------------|
| 560 | 9,378 |
| 580 | 444 |
| 587 | 8,641 |
| 588 | 690,848 |
| 598 | 13 |
| Total | 709,324 |

Prepared by: DK
Sponsored by: Mark Dombroski

AELIC 10-4 Please provide copies of all documents in your care, custody or possession that relate to AE's "new ECC on Riverside Drive", including Council agenda items, budgets, memos, studies, reports, emails.

ANSWER:

By agreement of the parties, this request has been withdrawn.

Prepared by: -
Sponsored by: -

AELIC 10-5 Is "the new ECC on Riverside Drive" already operating? If the answer is yes, when did it start operating? Also, if yes, how were the costs for the "new ECC on Riverside" funded (debt, cash, commercial paper, etc.), and when did AE start funding the costs?

ANSWER:

Yes, the SCC on Montopolis Drive began operations in 2013. The capital costs for the facility were debt funded. Austin Energy does not discretely track the debt service for individual assets, other than generation plant assets.

Prepared by: DK
Sponsored by: Mark Dombroski

AELIC 10-6 If the answer to No. 10.5 is yes, does AE have any outstanding debt obligations related to "the new ECC on Riverside Drive"? If so, please state the amount of the outstanding debt obligations and specify the terms of each such outstanding debt obligation.

ANSWER:

Yes. Austin Energy has outstanding debt obligations related to the SCC. However, since AE does not discretely track the debt service for individual assets, the amount of outstanding debt obligations for this asset does not exist.

Prepared by: SK
Sponsored by: Mark Dombroski

AELIC 10-7

On page 15 of AE's rebuttal testimony of Deborah Kimberly, Ms. Kimberly stated that commercial customers are funding over half of the residential rebates. Please provide the following in relation to this statement:

- A. AE's underlying calculations AE relied upon to support this statement;
- B. The time period AE relied upon for determining the calculations that support the statement;
- C. The listing of each energy efficiency program included in the calculations;
- D. For each program identified in (c) provide:
 - i. The amount of rebates;
 - ii. The classification of the program (i.e. residential, commercial, other);
 - iii. The amount in rebates and such other energy efficiency benefits AE included in its calculations relating to multifamily customers and rebate recipients broken out by multifamily customer (identifying the "customer" AE directly provided the services to by customer class) and by rebate recipients (please identify the rebate recipients by customer class);
 - iv. Whether the program is classified as a multifamily program.
- E. The amount of energy efficiency revenues AE realized from each customer class for each of the following FYs: FY 2014, 2015, 2016 (budgeted);
- F. The Customer Energy Solutions Program Progress Report for 2014-2015;
- G. The energy efficiency FY 2016 budget broken down by program including solar and demand management and electric vehicle programs funded with energy efficiency revenues.
- H. For each program identified in (g), please provide the following:
 - i. The budgeted amount;
 - ii. The classification of the program (i.e. residential, commercial, other);
 - iii. Whether the program is classified as a multifamily program.
- I. Please provide the amount of over recoveries AE incurred in FY 2014, FY 2015 and projected in FY 2016.

ANSWER:

- A. Please see Attachment 1.
- B. FY 2012 through FY 2015.
- C. The expenses include rebates and support for the following programs:
- EES- Commercial Rebate
 - EES- Small Business
 - EES- Municipal
 - EES- Engineering Support
 - EES/GB Commercial Projects
 - GB- Multifamily Ratings
 - GB- Multifamily Energy Code
 - GB- Commercial Ratings
 - GB- Commercial Energy Code
 - DR- Power Partner (Comm & Muni)
 - DR- Load Coop
 - DR- ERS
 - DR- Thermal Energy Storage
 - Commercial Solar
 - EES- Appliance Efficiency Program
 - EES- Home Performance ES – Rebate
 - EES- Home Performance ES – Loan
 - EES- Weatherization Asst.
 - EES- Residential Lighting
 - EES- Clothes Washer Rebate
 - EES- Refrigerator Recycling
 - GB- Residential Ratings
 - GB- Residential Energy Code
 - EES- Multifamily
 - DR- Power Partner (Residential)
 - DR- Cycle Saver
 - Residential Solar

- D. (i.- iv.)

Ms. Kimberly's rebuttal testimony was originally developed using the average of unaudited numbers for FY 2012 through FY 2015. In response to this RFI, AE reran the analysis using audited numbers for FY 2012 through FY 2014 and unaudited FY 2015. This results in a decrease in the percent of rebates going to commercial customers. Using the audited numbers, the new percentage is closer to 35%.

| Program | Participant Type | Customer Type | FY15 Unaudited Rebates with Encumbrances | FY14 – Audited Rebates with Encumbrances | FY13 – Audited Rebates with Encumbrances | FY12 – Audited Rebates with Encumbrances |
|-----------------------------------|-------------------------|----------------------|---|---|---|---|
| EES- Commercial Rebate | Customer | Com | \$ 3,360,357 | \$ 2,469,569 | \$ 2,388,150 | \$ 3,005,474 |
| EES- Small Business | Customer | Com | \$ 4,067,930 | \$ 2,989,386 | \$ 760,581 | \$ 379,963 |
| EES- Municipal | Building | Com | \$ 24,120 | \$ 32,284 | \$ 122,764 | \$ 58,957 |
| EES- Engineering Support | Project | Com | \$ - | \$ - | \$ - | \$ - |
| EES/GB Commercial Projects | Customer | Com | \$ - | \$ - | \$ - | \$ - |
| GB- Multifamily Ratings | Apartment | Com | \$ - | \$ - | \$ - | \$ - |
| GB- Multifamily Energy Code | Apartment | Com | \$ - | \$ - | \$ - | \$ - |
| GB- Commercial Ratings | 1000 SF | Com | \$ - | \$ - | \$ - | \$ - |
| GB- Commercial Energy Code | 1000 SF | Com | \$ - | \$ - | \$ - | \$ - |
| DR- Power Partner (Comm & Muni) | Thermostat | Com | \$ 55,175 | \$ 70,122 | \$ 260,270 | \$ 97,381 |
| DR- Load Coop | Meter | Com | \$ 50,994 | \$ 187,233 | \$ 281,574 | \$ 135,250 |
| DR- ERS | Customers | Com | \$ 10,927 | - | - | - |
| DR- Thermal Energy Storage | Project | Com | \$ - | \$ - | \$ - | \$ - |
| Commercial Solar | Customers | Com | \$ 1,485,444 | \$ 781,936 | \$ 781,936 | \$ 781,936 |
| EES- Appliance Efficiency Program | Customer | Res | \$ 1,476,030 | \$ 1,645,441 | \$ 1,521,960 | \$ 1,709,110 |
| EES- Home Performance ES – Rebate | Customer | Res | \$ 1,685,718 | \$ 2,794,942 | \$ 3,243,654 | \$ 2,196,771 |
| EES- Home Performance ES – Loan | Customer | Res | \$ 25,724 | \$ 351,576 | \$ 6,024 | \$ 24,137 |
| EES- Weatherization Asst. | Customer | Res | \$ 2,125,667 | \$ 1,830,136 | \$ 999,677 | \$ 598,003 |
| EES- Residential Lighting | Bulbs | Res | \$ 260,095 | \$ - | \$ - | \$ - |

| | | | | | | |
|---------------------------------|--------------|-----|--------------|--------------|--------------|--------------|
| EES- Clothes Washer Rebate | Customer | Res | \$0.0 | \$ 1,100 | \$ 15,750 | \$ 20,750 |
| EES- Refrigerator Recycling | Refrigerator | Res | \$ 288,686 | \$ 346,693 | \$ 377,417 | \$ 346,040 |
| GB- Residential Ratings | Residence | Res | \$ - | \$ - | \$ - | \$ - |
| GB- Residential Energy Code | Residence | Res | \$ - | \$ - | \$ - | \$ - |
| EES- Multifamily | Apartment | Res | \$ 2,612,788 | \$ 2,507,220 | \$ 2,524,498 | \$ 2,734,740 |
| DR- Power Partner (Residential) | Thermostat | Res | \$ 634,544 | \$ 856,912 | \$ 1,200,751 | \$ 550,305 |
| DR- Cycle Saver | Cycle Saver | Res | \$ 289,243 | \$ 390,606 | \$ 22,717 | \$ 186,409 |
| Residential Solar | Customers | Res | \$ 6,526,932 | \$ 6,655,900 | \$ 7,290,145 | \$ 7,290,145 |

E. Please refer to the table below:

| FY | Residential | Secondary Voltage < 10 kW | Secondary Voltage 10 – 49.9 kW | Secondary Voltage ≥ 50 kW | Primary Voltage < 3 MW | Primary Voltage 3 – 19.9 MW | Transmission Voltage |
|------|-------------|---------------------------|--------------------------------|---------------------------|------------------------|-----------------------------|----------------------|
| 2014 | 16,855,648 | 1,455,635 | 4,476,826 | 10,323,109 | 988,226 | 112,307 | 44,620 |
| 2015 | 17,283,174 | 1,419,284 | 4,565,093 | 10,971,760 | 970,569 | 234,286 | 51,097 |
| 2016 | 12,998,383 | 1,044,688 | 3,666,797 | 8,580,667 | 927,456 | 386,551 | 38,656 |

F. The FY 2014 and the FY 2015 CES Program Progress Reports can be found on Austin Energy's website.

G. Please see page 31 of the FY 2015 CES Program Progress Report.

- H. i. Please see Austin Energy's Response to AELIC's RFI No. 10-7(g).
 ii. Please see Austin Energy's Response to AELIC's RFI No. 10-7(g).
 iii. Please see Austin Energy's Response to AELIC's RFI No. 10-7(d).

I. Please see the table below for over/ (under) recoveries:

| FY2014 | FY2015 | FY2016 (estimated) |
|-------------|-------------|--------------------|
| \$7,038,747 | \$4,620,170 | (\$5,528,675) |

Prepared by: DK, MA
 Sponsored by: Debbie Kimberly

AELIC 10-8 On p. 17 of AE rebuttal witness Deborah Kimberly's written testimony Ms. Kimberly states, "This decision was made to ensure that AE's rates become more competitive when compared to the deregulated market, where these customers do not pay this charge." Please identify all documentation, including emails, notes, memos, studies, etc., AE is aware of that supports this statement.

ANSWER:

Under the Public Utility Regulatory Act and PUC Substantive Rules, industrial customers are exempted from the payment of energy efficiency costs. AE's decision to not charge P4 and T2 classes the EES component of the CBC is consistent with that treatment.

Prepared by: Deborah Kimberly
Sponsored by: CTM

AELIC 10-9 Please provide a copy of each document identified in No. 10-8.

ANSWER:

See PURA Chapter 39.905 and P.U.C. SUBST. R. 25.181.

Prepared by: Deborah Kimberly
Sponsored by: CTM

AELIC 10-10 At p. 25 of AE rebuttal witness Dombroski's rebuttal testimony, Mr. Dombroski testifies that bad debt expense is continuing to increase. In support, Mr. Dombroski references an Austin Energy Utility Oversight Committee presentation. Please provide a copy, of that presentation.

ANSWER:

Please see Attachment 1 for the presentation provided as backup to Item #8 at the May 28, 2015 Austin Energy Utility Oversight Committee.

Prepared by: Mark Dombroski
Sponsored by: JL



Payment Arrangements & Customer Debt

Austin Energy Utility Oversight Committee

May 28, 2015





Agenda

- Upcoming Council Request
- Bad Debt Expense
- How a Customer Bill Becomes a Utility Expense
- Payment Arrangement Policies
- Customer Debt Increasing
 - FY2014 Policy Change
 - More PA Options Increased Customer Debt
 - Impact on Customers
- Industry Comparison: Payment Arrangements
- Appendix



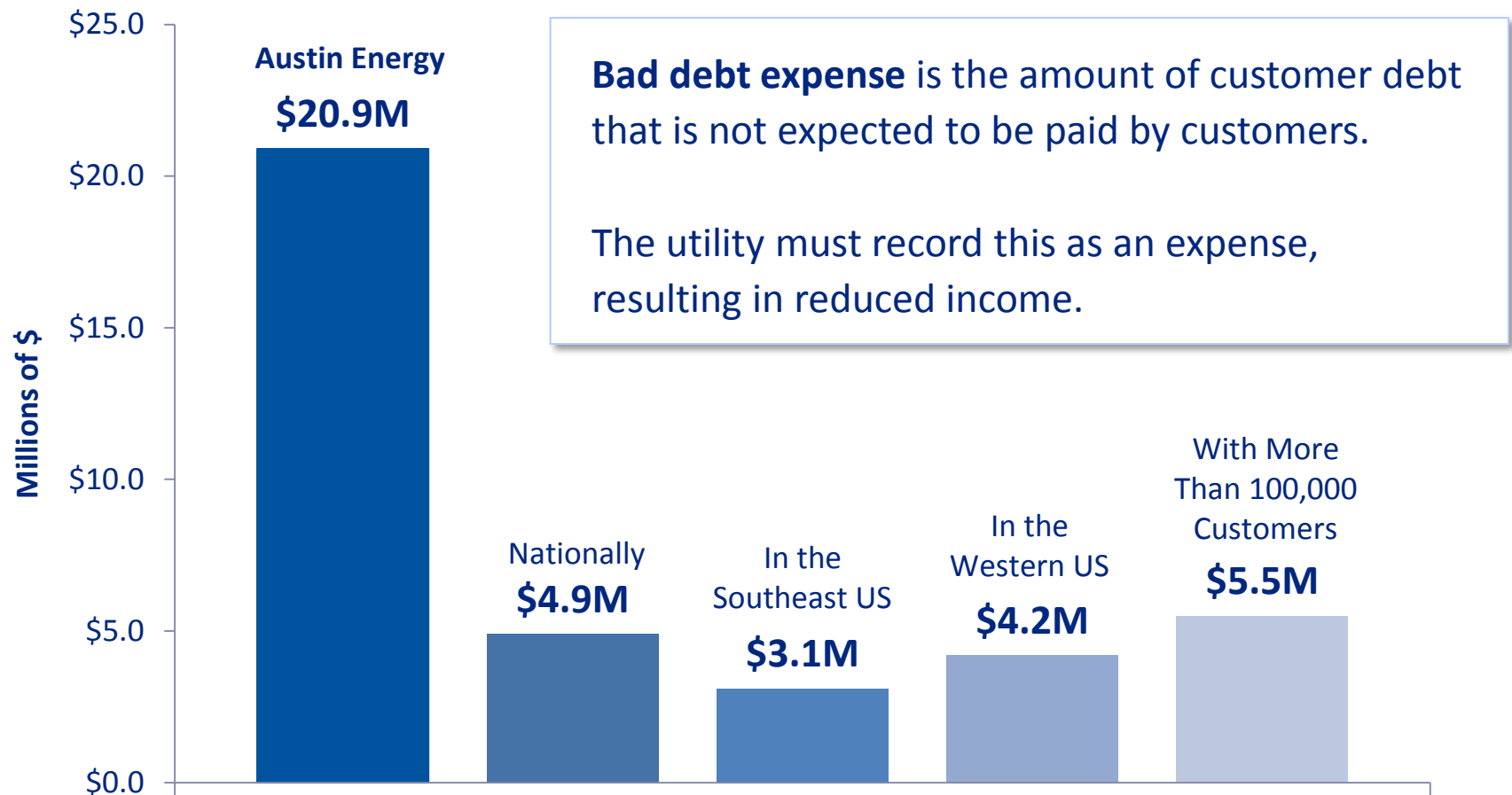
Upcoming Council Request

AE will bring RCA Payment Arrangement (PA)
ordinance to Council on June 18th, 2015



Bad Debt Expense

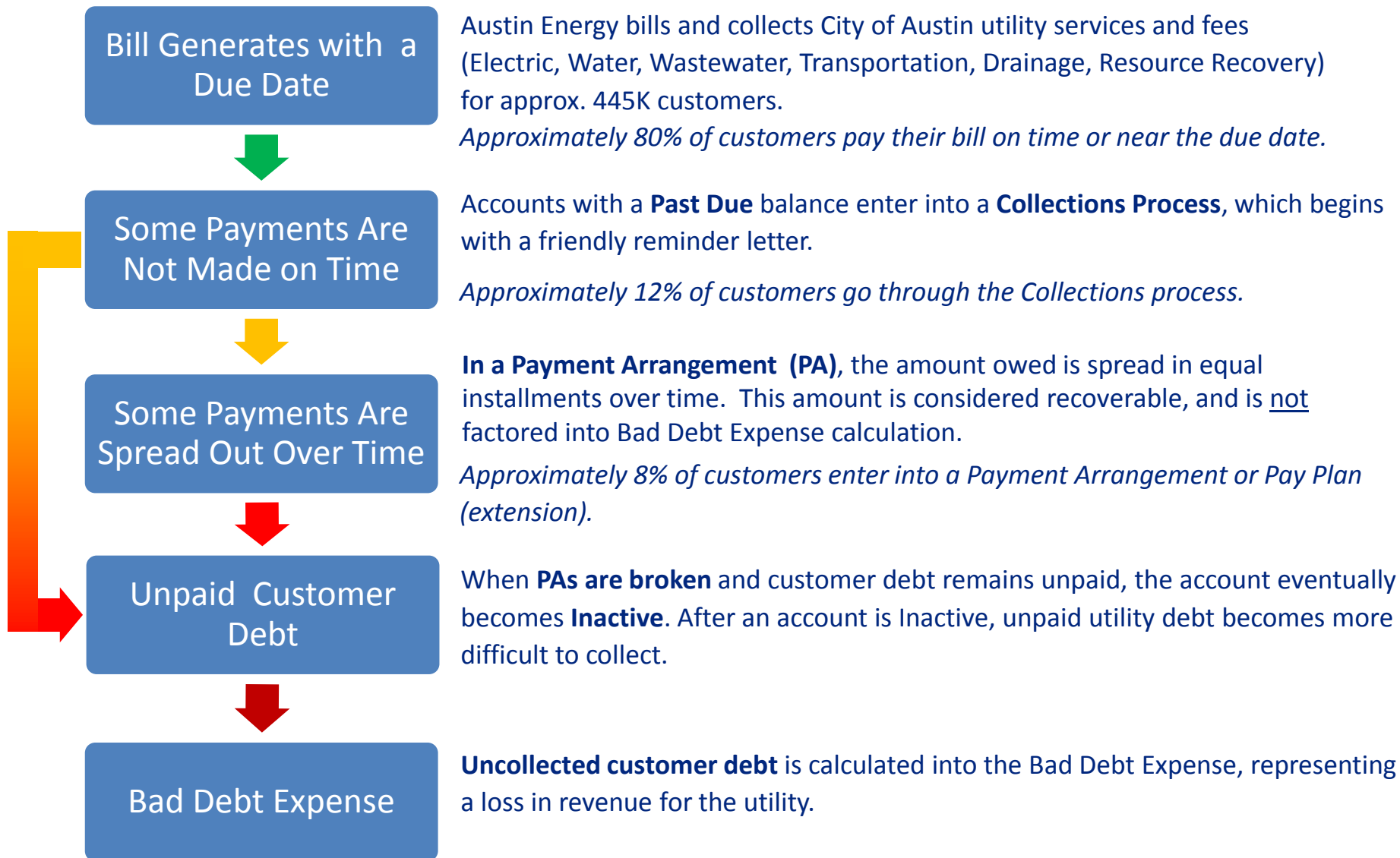
2014 Bad Debt Expense Industry Comparison



AE's Bad Debt Expense is expected to continue to increase under current policy.



How a Customer Bill Becomes a Utility Expense





CAP* Payment Arrangement Policy

Austin Energy offers a **Customer Assistance Program (CAP)*** for qualified low income and/or medically vulnerable customers. These customers receive a variety of **utility bill discounts**.

| | Current CAP | New CAP (No Change) |
|------------------------|---|---------------------|
| Eligibility | Eligible CAP Discount Customers | |
| Length of Term | 36 Months Payment not to exceed 5% of Federal Poverty Income Level or \$48 | |
| Number of PA's Allowed | 3 Payment Arrangements, 4th Payment Arrangement for any customer identifying a "Bona Fide" Reason | |
| Disconnect | Yes, after 4 broken arrangements | |
| Down Payment | Yes, equal to first installment | |

*Customers who receive any of the following 7 governmental assistance programs are eligible for CAP bill discounts; Medicaid, Supplemental Nutrition Assistance Program (SNAP), Children's Health Insurance Program (CHIP), Travis County Comprehensive Energy Assistance Program (CEAP), Medical Assistance Program (MAP), Supplemental Security Income (SSI), Telephone Lifeline Program



Residential Payment Arrangement Policy

| | Current Residential | New Residential |
|-------------------------------|--|--|
| Eligibility | All Residential Customers | All Residential Customers |
| Length of Term | 36 months | 24 months |
| Number of PA's Allowed | 3 Payment Arrangements, 4th Payment Arrangement for any customer identifying a "Bona Fide" Reason * | 2 Payment Arrangements |
| Disconnect | Yes, after 4 broken arrangements | Yes, after 2 broken arrangements |
| Down Payment | Yes, equal to first installment | Yes, 10% of total balance, or 30% if disconnected |



Customer Debt Increasing

Customer Debt Over 30 Days Past Due*



8%
per year

FY 2000-2011

Customer debt increased by an **average of \$8.7M** annually, over **11 years**.



28%
per year

FY 2012-2015

Customer debt increased by an **average of \$17.9M** annually over **3.5 years**.

***FY2013:** Revenue increase across all utilities was only 6%.*



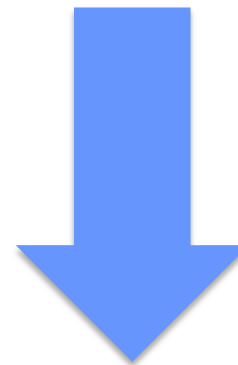
FY2014: Policy Change

FY2014 (fall of 2013) COA Ordinance allowed Customers:

- Lower PA Down payment
- Longer terms/smaller installments
- More opportunities to enter into additional Payment Arrangements on the same debt
- Ability to re-establish service without first paying old debt



Increase in total
number of PAs



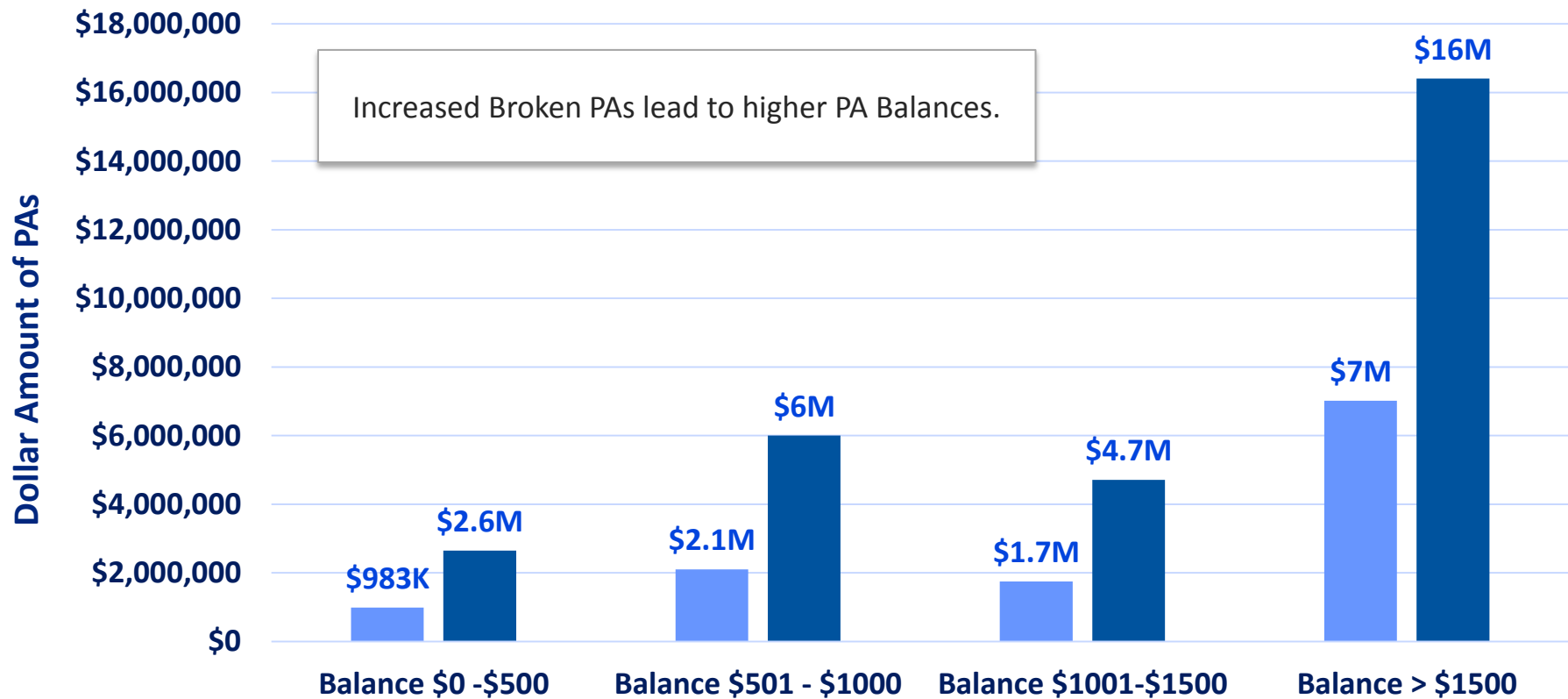
Decrease in
successful
completion of PAs



More PA Options Increased Customer Debt

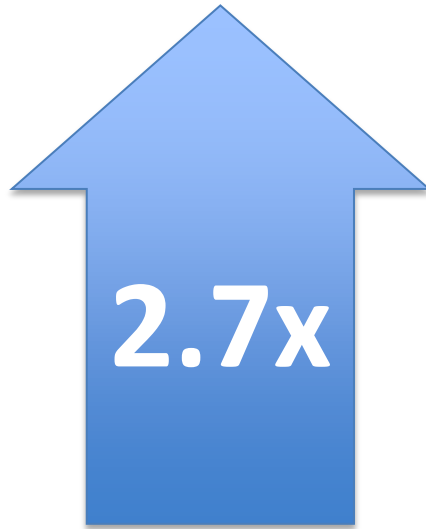
Payment Arrangement Balances

■ 2013 ■ 2015

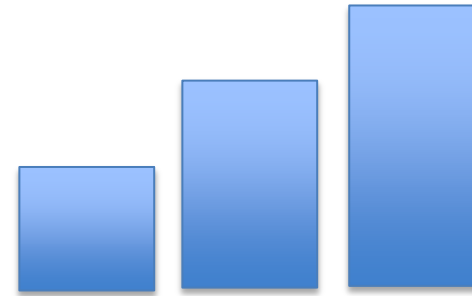




2015: Impact on Customers



As many
Customers are on
PAs in 2015



72%

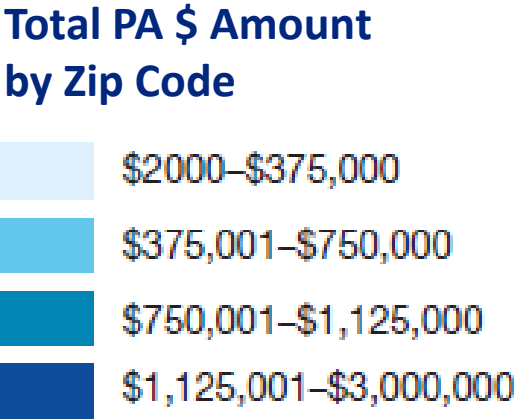
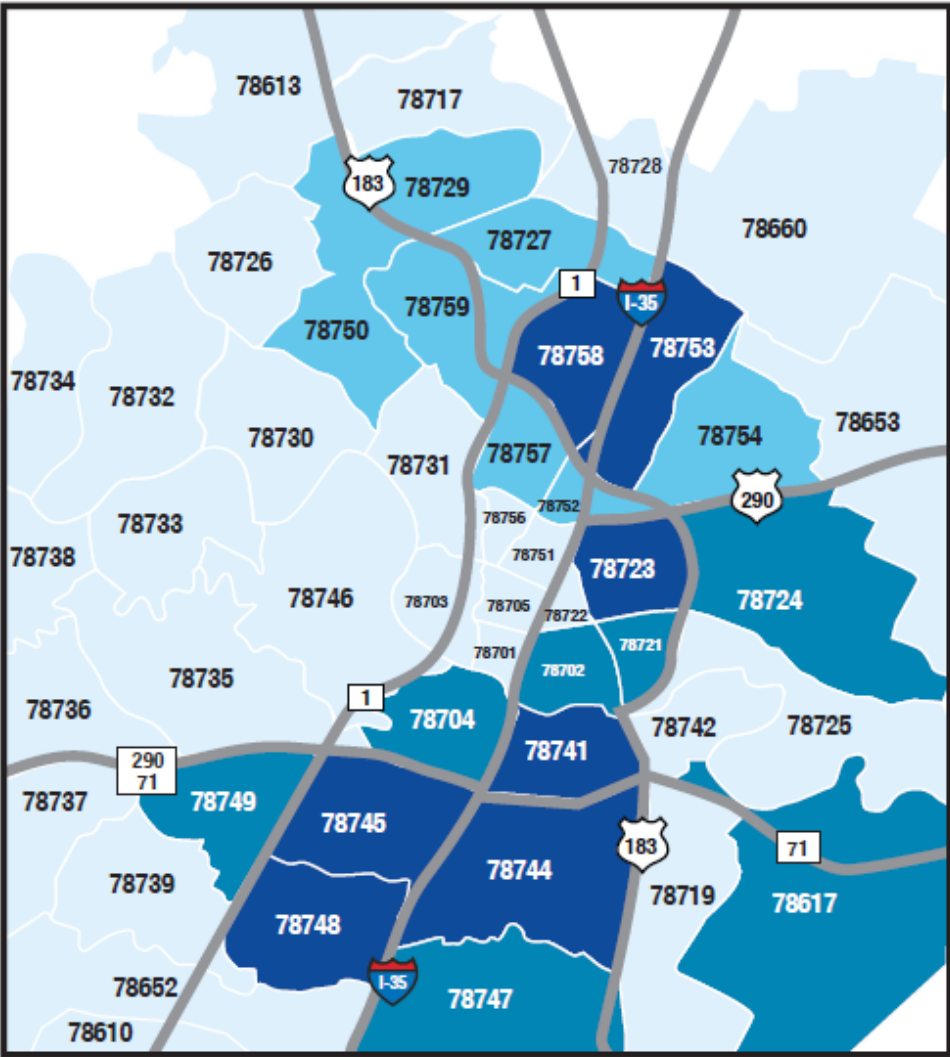
Increase in Total Payment
Arrangement Balances
since 2013

| | Accounts with PAs | Total Balance Due |
|--------------|-------------------|-------------------|
| April FY2013 | 10,244 | \$11,845,154 |
| April FY2015 | 27,760 | \$29,761,331 |



2015: Impact on Customers

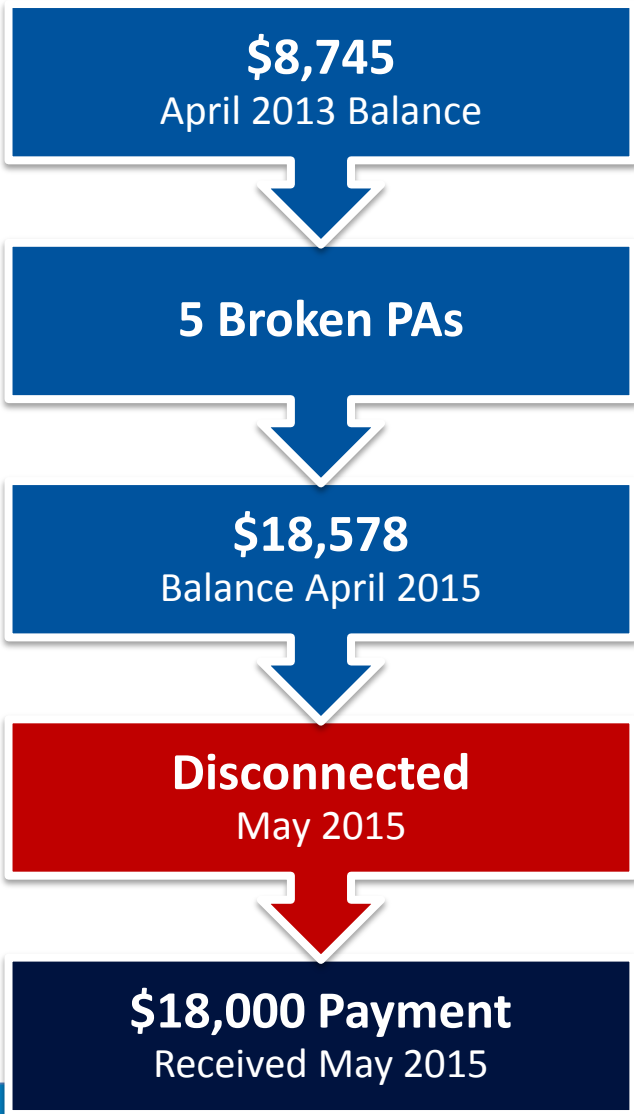
Payment Arrangements Are Geographically Dispersed





2015: Impact on Customers

Customer A



Customer B





Payment Arrangements Offered by Other Utilities

| Utility | Number of PAs Allowed | Max Term Length (months) | Down Payment |
|---------------------------------------|-----------------------|--------------------------|--------------|
| Pedernales Electric Cooperative | 1 | 6 | Yes |
| Bluebonnet Electric Cooperative | 1 | 3 | Yes |
| Salt River Project | 1 | 6+ | Yes |
| City of San Antonio (CPS Energy) | 2 | 12 | No |
| Sacramento Municipal Utility District | 1 | 12 | No |
| Jacksonville Electric Authority (JEA) | 1 | 12 | No |
| Memphis Light Gas and Water | 1 | 5 | Yes |
| Seattle City Light | 2 | 1 | Yes |
| Colorado Springs Utilities | 2 | 1 | No |
| Austin Energy – Current Policy | 4 | 48 | Yes* |

*equal to first installment



Questions

Thank you!

AELIC 10-11 Since 2011 to the present, has AE made presentations to the Electric Utility Commission, the Austin City Council and/or Austin Energy Utility Oversight Committee concerning uncollectables, payment arrangements, disconnections for non-payment, and/or overdue balances?

ANSWER:

Yes.

Prepared by: JV
Sponsored by: Mark Dreyfus

AELIC 10-12

If the answer to No. 10-11 is yes, please identify each document, including memos, power point presentations, emails and such other forms of communication, AE is aware of that it has provided the Electric Utility Commission, the Austin City Council and/or the Austin Energy Utility Oversight Committee relating to and/or in conjunction with these presentations.

ANSWER:

| Document Name | Document Description | Document Date |
|---|---|----------------|
| 20110124 DPA Report | January 2011 report to the Electric Utility Commission reporting the number of deferred payment agreements and disconnections | Jan. 24, 2011 |
| 20110127 Council Ordinance No. 20110127-004 | Ordinance amending City Code Chapter 15-9 as it relates to utility disconnection moratoriums during extreme weather conditions. | Jan. 27, 2011 |
| 20110228 DPA Report | February 2011 report to the Electric Utility Commission reporting the number of deferred payment agreements and disconnections. | Feb. 28, 2011 |
| 20110411 DPA Report | April 2011 report to the Electric Utility Commission reporting the number of deferred payment agreements and disconnections. | April 11, 2011 |
| 20110504 DPA Report | May 2011 report to the Electric Utility Commission reporting the number of deferred payment agreements and disconnections. | May 4, 2011 |
| 20110620 DPA Report | June 2011 report to the Electric Utility Commission reporting the number of deferred payment agreements and disconnections. | June 20, 2011 |
| 20110718 DPA Report | July 2011 report to the Electric Utility Commission reporting the number of deferred payment agreements and disconnections. | July 18, 2011 |
| 20110718 EUC Minutes | Minutes of the July 18, 2013 Electric Utility Commission meeting | July 18, 2011 |
| 20110808 DPA Report | August 2011 report to the Electric Utility Commission reporting the number of deferred payment agreements and disconnections. | Aug. 8, 2011 |
| 20110815 EUC Minutes | Minutes of the August 15, 2013 Electric Utility Commission meeting | Aug. 15, 2011 |

| | | |
|----------------------|--|----------------|
| 20111010 DPA Report | September 2011 report to the Electric Utility Commission reporting the number of deferred payment agreements and disconnections. | Oct. 10, 2011 |
| 20111108 DPA Report | October 2011 report to the Electric Utility Commission reporting the number of deferred payment agreements and disconnections. | Nov. 8, 2011 |
| 20120813 DPA Report | July 2012 report to the Electric Utility Commission reporting the number of deferred payment agreements and disconnections. | Aug. 13, 2012 |
| 20120912 DPA Report | August 2012 report to the Electric Utility Commission reporting the number of deferred payment agreements and disconnections. | Sept. 12, 2012 |
| 20121011 DPA Report | September 2012 report to the Electric Utility Commission reporting the number of deferred payment agreements and disconnections. | Oct. 11, 2012 |
| 20121214 DPA Report | November 2012 report to the Electric Utility Commission reporting the number of deferred payment agreements and disconnections. | Dec. 14, 2013 |
| 20130118 DPA Report | December 2012 report to the Electric Utility Commission reporting the number of deferred payment agreements and disconnections. | Jan. 18, 2013 |
| 20130218 DPA Report | January 2013 report to the Electric Utility Commission reporting the number of deferred payment agreements and disconnections. | Feb. 18, 2013 |
| 20130318 Memo to EUC | Memo to Electric Utility Commission members regarding utility customer connection and disconnection update | March 18, 2013 |
| 20130318 EUC Minutes | Minutes of the March 18, 2013 Electric Utility Commission meeting | March 18, 2013 |
| 20130318 DPA Report | February 2013 report to the Electric Utility Commission reporting the number of deferred payment agreements and disconnections. | March 18, 2013 |

| | | |
|--------------------------------------|--|----------------|
| 20130415 Memo to EUC | Memo to Electric Utility Commission members responding to questions regarding the disconnection process | April 15, 2013 |
| 20130417 DPA Report | March 2013 report to the Electric Utility Commission reporting the number of deferred payment agreements and disconnections. | April 17, 2013 |
| 20130524 DPA Report | April 2013 report to the Electric Utility Commission reporting the number of deferred payment agreements and disconnections. | May 24, 2013 |
| 20130614 DPA Report | May 2013 report to the Electric Utility Commission reporting the number of deferred payment agreements and disconnections. | June 14, 2013 |
| 20130715 EUC Minutes | Minutes of the July 15, 2013 Electric Utility Commission meeting | July 15, 2013 |
| 20130903 CCAE Presentation | Briefing and discussion of the collections process, utility service disconnections, and reconnection fees and policies. | Sept. 3, 2013 |
| 20130926 Resolution No. 20130926-083 | Approve a resolution directing the City Manager to limit any utility service cut-off for nonpayment to electric service only. | Sept. 26, 2013 |
| 20131007 DPA Report | September 2013 report to the Electric Utility Commission reporting the number of deferred payment agreements and disconnections. | Oct. 7, 2013 |
| 20131107 Resolution No. 20131107-052 | Approve a resolution directing the City Manager to work with the Discount Steering Committee and other consumer advocates to develop rules for deferred payment agreements and service disconnections and to offer recommendations on an arrearage management plan and education related to utility usage reduction, and to report back to the City Council within six months. | Nov. 7, 2013 |

Austin Energy's Response to AELIC's 10th RFI

| | | |
|---|---|----------------|
| 20131118 DPA Report | October 2013 report to the Electric Utility Commission reporting the number of deferred payment agreements and disconnections. | Nov. 18, 2013 |
| 20131121 Memo to Council | Memo to Mayor and Council from Austin Energy, Austin Water Regarding Options to Curtail Disconnection of Residential Water Service (Resolution 20130926-083) | Nov. 21, 2013 |
| 20131205 Council Presentation | Briefing and discussion of Austin Energy's process for disconnection and reconnection of residential utility services, including payment arrangements and coordination with financial assistance agencies. | Dec. 5, 2013 |
| 20131205 Council Ordinance No. 20131205-007 | Approve an ordinance amending City Code Chapter 15-9 relating to deferred payment agreements and restoration of utility service. | Dec. 5, 2013 |
| 20140529 CCAE Presentation | Briefing and discussion regarding the City's process for disconnection and reconnection of utility services. | May 29, 2014 |
| 20140623 CCAE Presentation | Briefing and discussion regarding utility customer debt. | June 23, 2014 |
| 20140818 EUC Presentation | Briefing on Payment Arrangements, Arrearage Management and Hearings Process | Aug. 18, 2014 |
| 20140818 EUC Minutes | Minutes of the Aug. 18, 2014 Electric Utility Commission meeting | Aug. 18, 2014 |
| 20141113 CCAE Presentation | Briefing and discussion regarding unpaid and overdue customer debts, deferred payment arrangements, and the administrative hearings process | Nov. 13, 2014 |
| 20141117 EUC, RMC Presentation | Briefing and possible action regarding City of Austin utilities' customer deferred payment agreements, arrearage management program and hearings process | Nov. 17, 2014 |
| 20141117 EUC Minutes | Minutes of the Nov. 17, 2014 Electric Utility Commission meeting | Nov. 17, 2014 |
| 20150326 AEUOC Presentation | Briefing and discussion regarding a financial overview of Austin Energy including: commercial paper and refunding bonds; cash and reserves policy; payment arrangements, arrearage management and bad debt; | March 26, 2015 |

Austin Energy's Response to AELIC's 10th RFI

| | | |
|---|--|---------------|
| | Customer Assistance Program enrollment; and large demand customer contracts. | |
| 20150528 AEUOC Presentation | Briefing and discussion regarding payment arrangements, arrearage management and bad debt. | May 28, 2015 |
| 20150623 RCA | Request for Council Action regarding amendment to City Code pertaining to utility deferred payment agreements. | June 23, 2015 |
| 20150623 Council Ordinance No. 20150623-001 | Ordinance amending City Code Chapter 15-9 regarding utility deferred payment agreements. | June 23, 2015 |

Prepared by: JV, HM
Sponsored by: Mark Dreyfus

AELIC 10-13 Please provide a copy of each document identified in No. 10-12.

ANSWER:

Please see Attachment 1.

Prepared by: JV, HM
Sponsored by: Mark Dreyfus

These reports are presented by staff at EUC meetings in May through September, as requested.

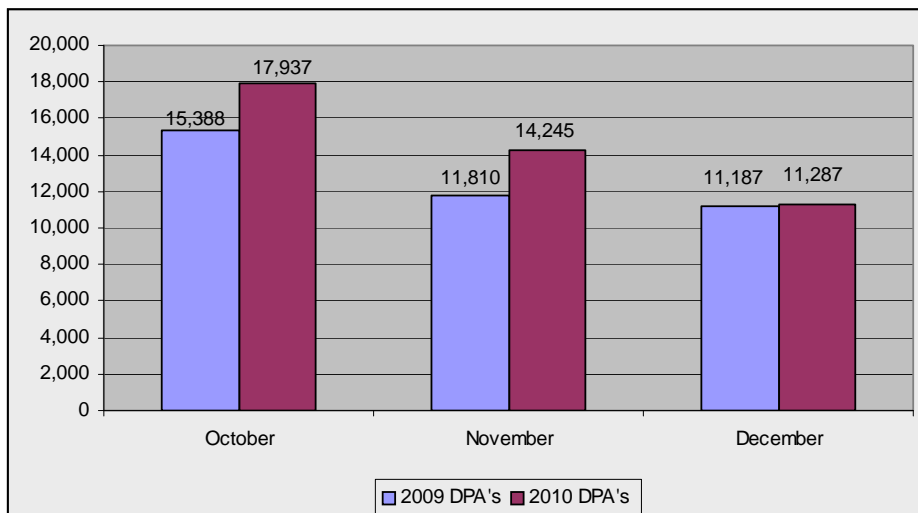


Monthly DPA and Disconnect Report January 2011

Deferred Payment Agreements

| | 2009 | 2010 |
|---------------|--------|--------|
| Month | DPAs | DPAs |
| October | 15,388 | 17,937 |
| November | 11,810 | 14,245 |
| December | 11,187 | 11,287 |
| Monthly Total | 38,385 | 43,469 |

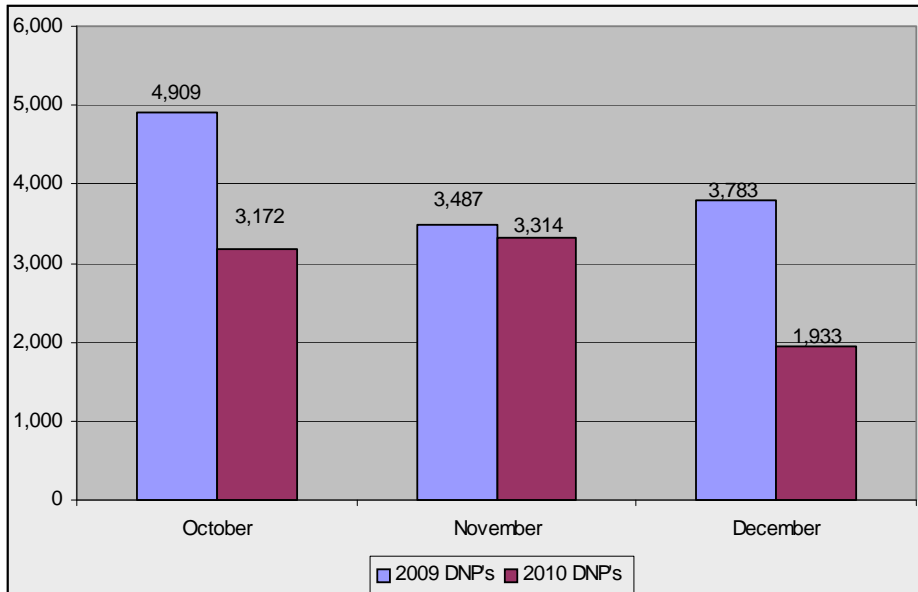
Note: For December 2010 there was extremely minimal increase in the number of DPAs written compared to the number written in December 2009.



Residential Disconnections

| | 2009 | 2010 |
|---------------|-------------|-------------|
| Month | Disconnects | Disconnects |
| October | 4,909 | 3,172 |
| November | 3,487 | 3,314 |
| December | 3,783 | 1,933 |
| Monthly Total | 12,179 | 8,419 |

Life Support Information: For the month of December 2010, 130 customers were identified as Medically Vulnerable. 5 accounts received 24 hour notices and no accounts were disconnected (due to payment being received or payment arrangement being activated). 150 requests were received for MVP status in December 2010; 63 requests were received for MVP status in December 2009.



ORDINANCE NO. 20110127-004

AN ORDINANCE AMENDING CITY CODE CHAPTER 15-9 AS IT RELATES TO THE UTILITY SERVICES DISCONNECTION MORATORIUM DURING EXTREME WEATHER CONDITIONS.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

PART 1. City Code §15-9-109 is amended to read:

(A) The City shall place an extreme weather moratorium on disconnecting residential utility service for nonpayment if the National Weather Service reports a temperature or temperature forecast that:

(1) states the forecasted low temperature for the following day is or will be 32 degrees Fahrenheit or lower, or the forecasted low temperature for the following day is or will be 35 degrees Fahrenheit or lower with a 50 percent or more chance of precipitation, in which case the moratorium shall be put into effect on the forecasted day; or [the average temperature is 32 degrees Fahrenheit or below or the average daily temperature is predicted to be 32 degrees Fahrenheit or below for more than 24 consecutive hours during the winter;]

(2) states the actual heat index for the then current day and the forecasted heat index for the following day is or will be 102 degrees Fahrenheit or above, in which case the moratorium shall be put into effect the day following the current day.

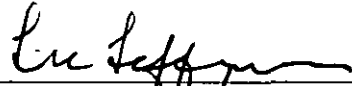
(B) If the City places an extreme weather condition moratorium, it is not required to restore previously disconnected utility service unless the customer complies with this chapter.

PART 2. This ordinance takes effect on February 7, 2011.

PASSED AND APPROVED

____ January 27 _____, 2011

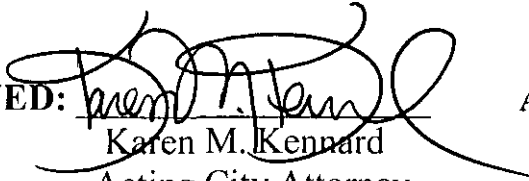
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Lee Leffingwell

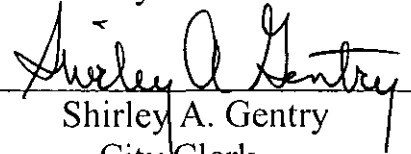
Mayor

APPROVED:



Karen M. Kennard
Acting City Attorney

ATTEST:



Shirley A. Gentry
City Clerk

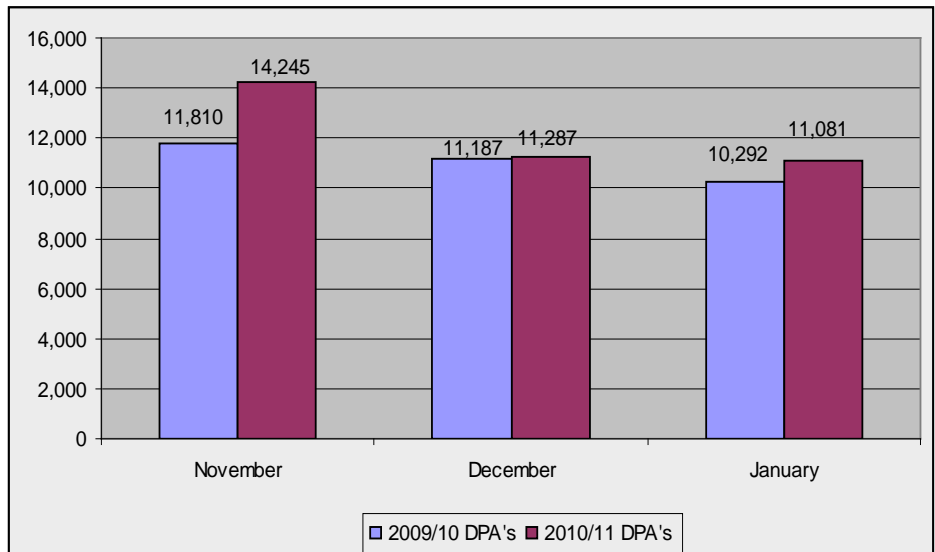


Monthly DPA and Disconnect Report February 2011

Deferred Payment Agreements

| | 2009/10 | 2010/11 |
|---------------|---------|---------|
| Month | DPAs | DPAs |
| November | 11,810 | 14,245 |
| December | 11,187 | 11,287 |
| January | 10,292 | 11,081 |
| Monthly Total | 33,289 | 36,613 |

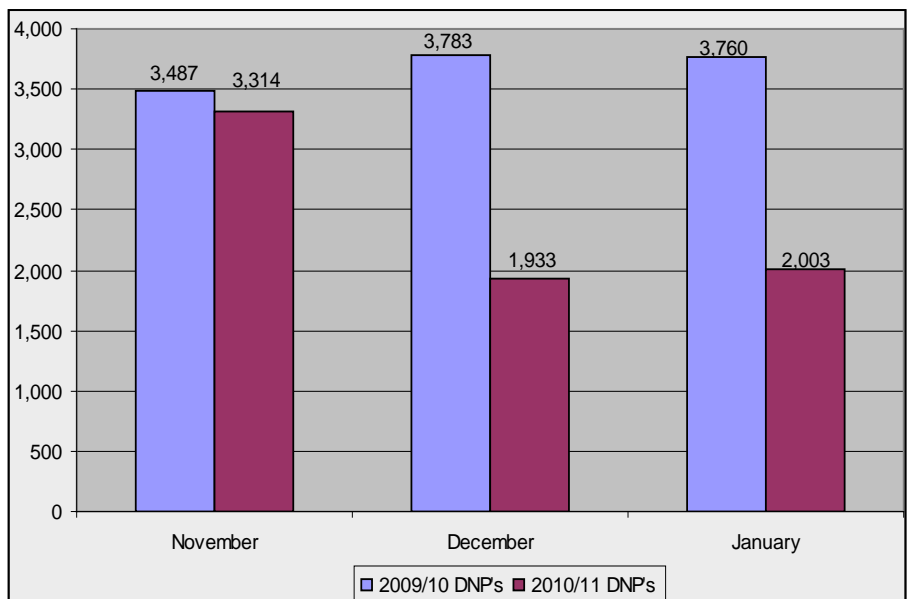
Note: For January 2011 there was extremely minimal increase in the number of DPAs written compared to the number written in January 2010.



Residential Disconnections

| | 2009/10 | 2010/11 |
|---------------|-------------|-------------|
| Month | Disconnects | Disconnects |
| November | 3,487 | 3,314 |
| December | 3,783 | 1,933 |
| January | 3,760 | 2,003 |
| Monthly Total | 11,030 | 7,250 |

Life Support Information: For the month of January 2011, 134 customers were identified as Medically Vulnerable. 28 accounts received 24 hour notices and 0 accounts were disconnected (due to payment being received or payment arrangement being activated). 150 requests were received for MVP status in January 2011; 90 requests were received for MVP status in January 2010.





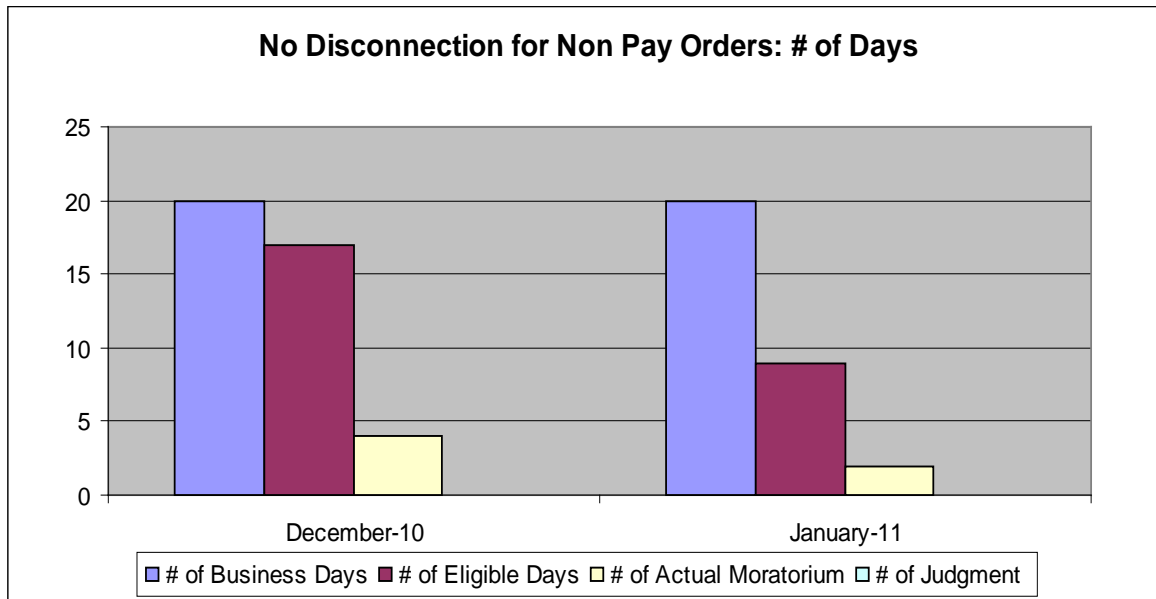
Winter Moratorium Information

For the month of January 2011, Austin Energy recorded a total of 9 business days eligible to create disconnect for non-payment (DNP) service orders. Austin Energy did not issue disconnects 2 out of 9 days due to the “new” winter weather moratorium.

| | # Business Days | # Days Eligible for DNP | # Days Moratorium (Actual) | # Days Moratorium (Judgment) |
|----------|-----------------|-------------------------|----------------------------|------------------------------|
| Dec 2010 | 20 | 17 | 4 days* | 0 |
| Jan 2011 | 20 | 9 | 2 days** | 0 |

*4 days would have been suspended due to ‘new’ weather restrictions but the restrictions had not yet been put in place. During December, AE did not disconnect 11 out of the 17 eligible days, due to holidays and system issues.

**2 days were suspended due to ‘new’ weather restrictions. 10 other days were ineligible due to floor relocation and system issues.



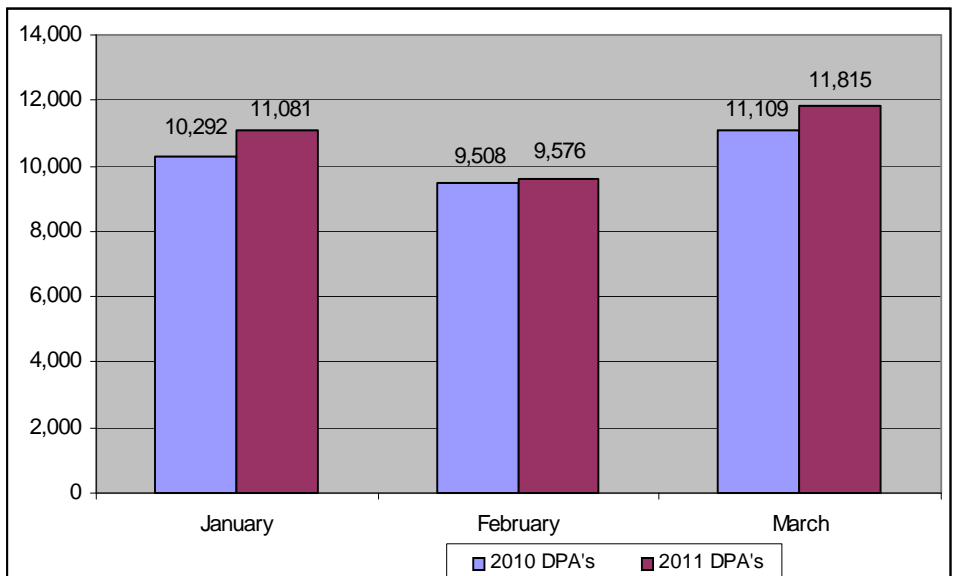


Monthly DPA and Disconnect Report April 2011

Deferred Payment Agreements

| Month | 2010 | 2011 |
|---------------|--------|--------|
| | DPAs | DPAs |
| January | 10,292 | 11,081 |
| February | 9,508 | 9,576 |
| March | 11,109 | 11,815 |
| Monthly Total | 30,909 | 32,472 |

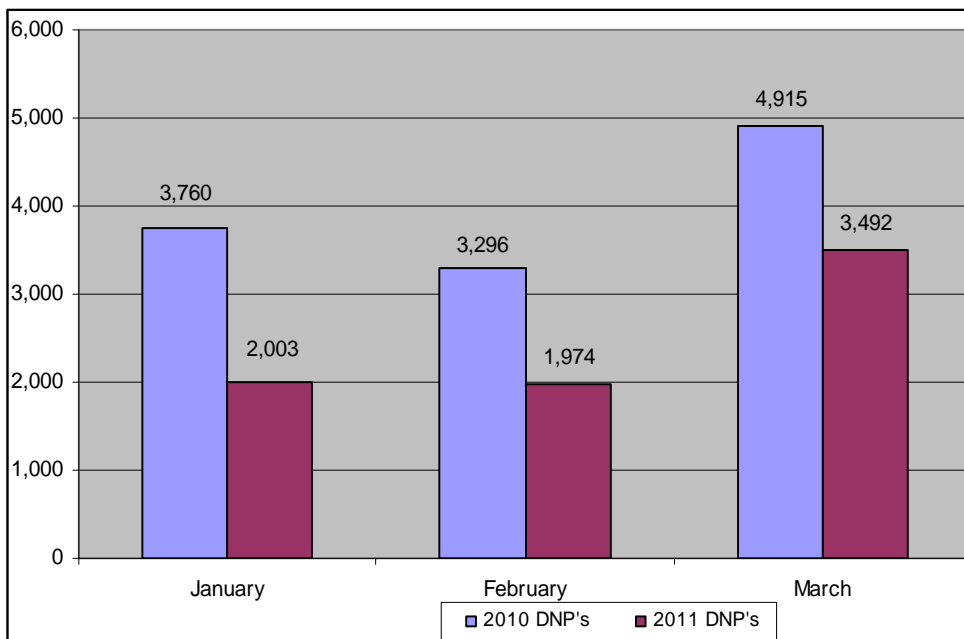
Note: For March 2011 there was extremely minimal increase in the number of DPAs written compared to the number written in March 2010.



Residential Disconnections

| Month | 2010 | 2011 |
|---------------|-------------|-------------|
| | Disconnects | Disconnects |
| January | 3,760 | 2,003 |
| February | 3,296 | 1,974 |
| March | 4,915 | 3,492 |
| Monthly Total | 11,971 | 7,469 |

Life Support Information: For the month of March 2011, 126 customers were identified as Medically Vulnerable. 22 accounts received 24 hour notices and 1 account was disconnected (due to vacated property). 197 requests were received for MVP status in March 2011; 82 requests were received for MVP status in March 2010.

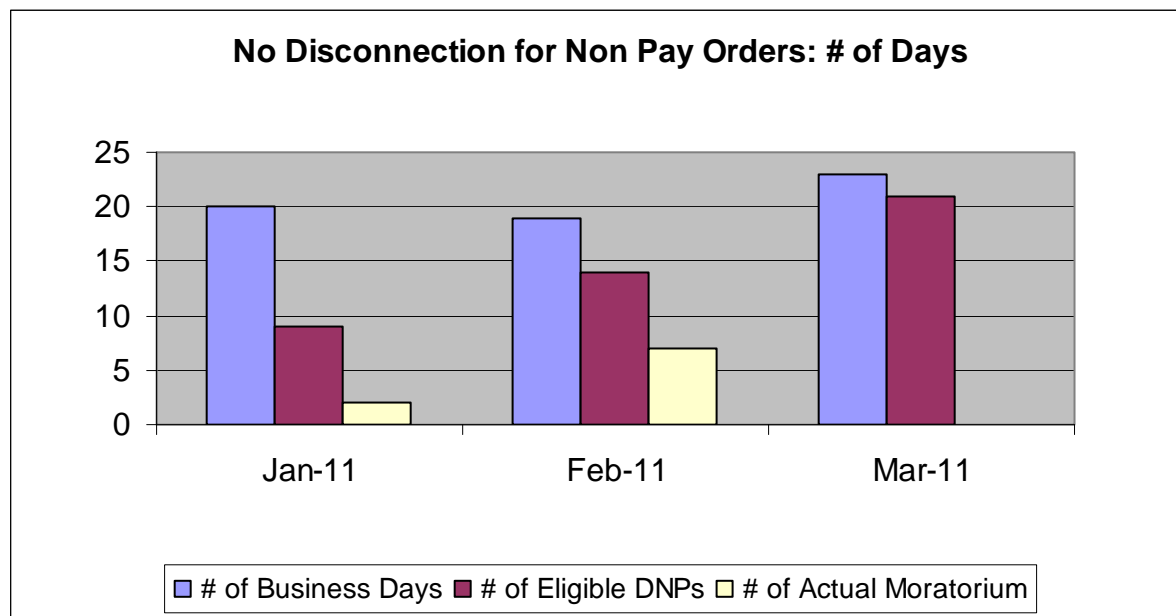


Winter Moratorium Information

For the month of March 2011, Austin Energy recorded a total of 21 business days eligible to create disconnect for non-payment (DNP) service orders. There were zero days that the winter weather moratorium was applied. Reporting of summer moratorium will begin in June's report.

| | # Business Days | # Days Eligible DNP's | # Days Moratorium Implemented |
|--------|-----------------|-----------------------|-------------------------------|
| Jan-11 | 20 | 9 | 2* |
| Feb-11 | 19 | 14 | 7 |
| Mar-11 | 23 | 21 | 0 |

*2 days were suspended due to 'new' weather restrictions. 10 other days were ineligible due to floor relocation and system issues.



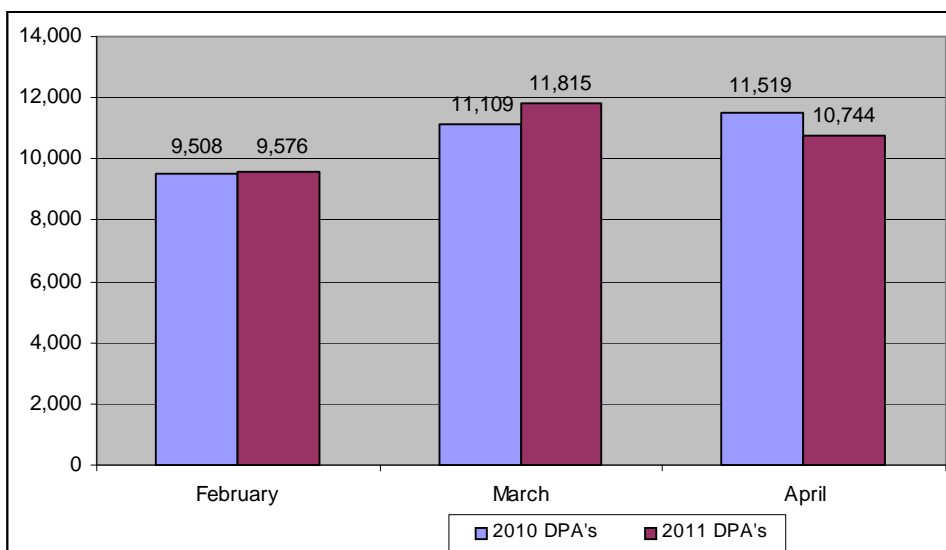


Monthly DPA and Disconnect Report May 2011

Deferred Payment Agreements

| | 2010 | 2011 |
|---------------|--------|--------|
| Month | DPA's | DPA's |
| February | 9,508 | 9,576 |
| March | 11,109 | 11,815 |
| April | 11,519 | 10,744 |
| Monthly Total | 32,136 | 32,135 |

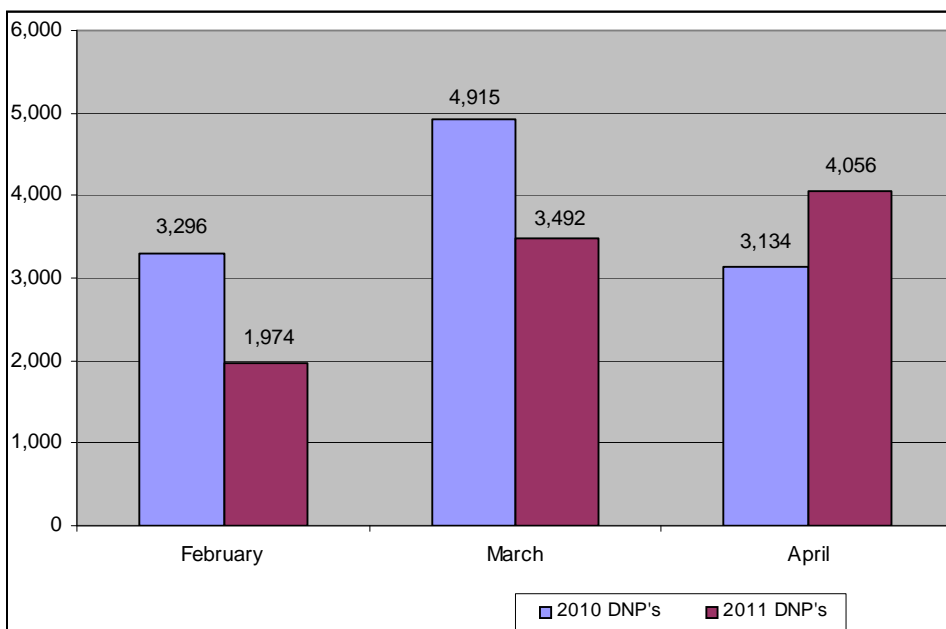
Note: For April 2011 there was a minimal decrease in the number of DPAs written compared to the number written in April 2010.



Residential Disconnections

| | 2010 | 2011 |
|---------------|-------------|-------------|
| Month | Disconnects | Disconnects |
| February | 3,296 | 1,974 |
| March | 4,915 | 3,492 |
| April | 3,134 | 4,056 |
| Monthly Total | 11,345 | 9,522 |

Life Support Information: For the month of April 2011, 153 customers were identified as Medically Vulnerable. 48 accounts received 24 hour notices and 0 accounts were disconnected. 160 requests were received for MVP status in April 2011; 60 requests were received for MVP status in April 2010.



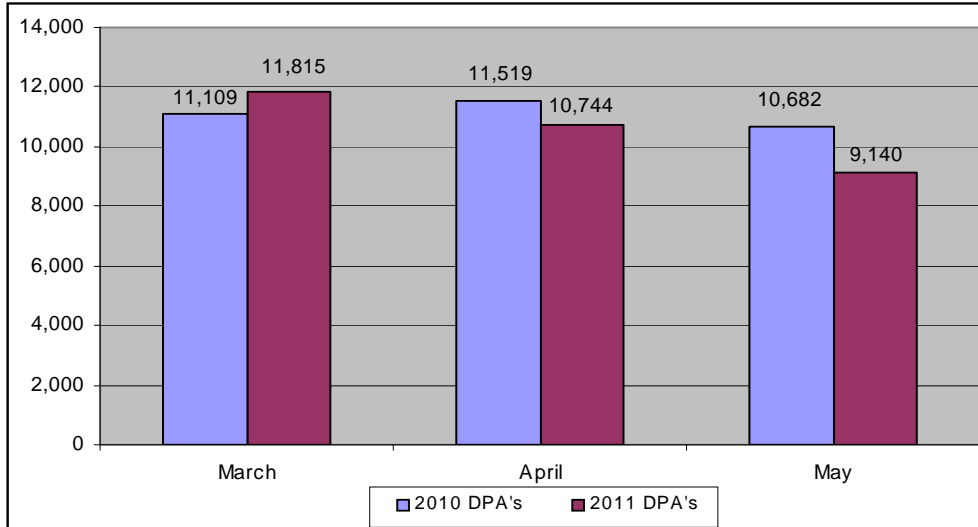


Monthly DPA and Disconnect Report June 2011

Deferred Payment Agreements

| | 2010 | 2011 |
|---------------|--------|--------|
| Month | DPA's | DPA's |
| March | 11,109 | 11,815 |
| April | 11,519 | 10,744 |
| May | 10,682 | 9,140 |
| Monthly Total | 33,310 | 31,699 |

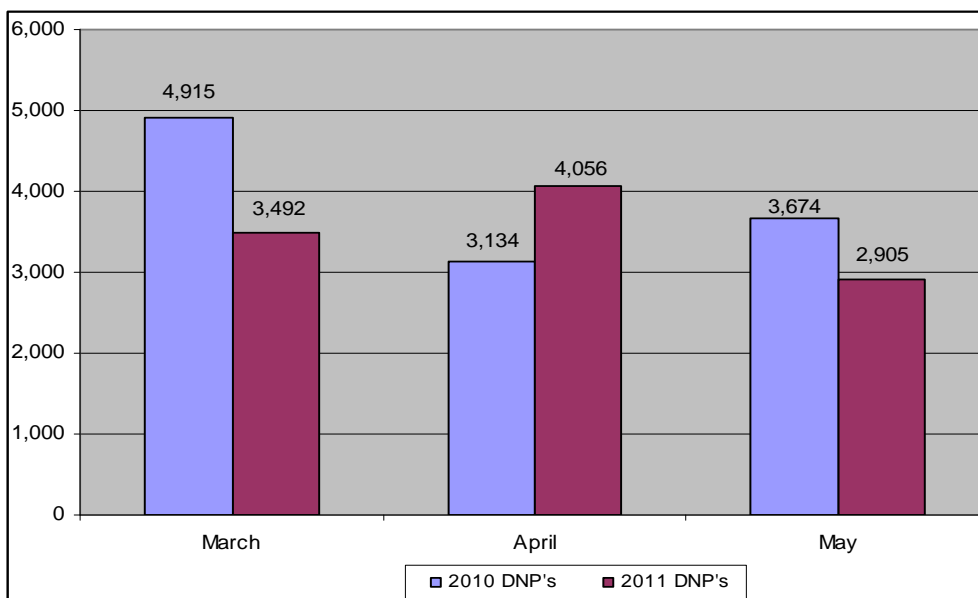
Note: For May 2011 there was a decrease in the number of DPAs written compared to the number written in May 2010.



Residential Disconnections

| | 2010 | 2011 |
|---------------|-------------|-------------|
| Month | Disconnects | Disconnects |
| March | 4,915 | 3,492 |
| April | 3,134 | 4,056 |
| May | 3,674 | 2,905 |
| Monthly Total | 11,723 | 10,453 |

Life Support Information For the month of May 2011, 155 customers were identified as Medically Vulnerable. 25 accounts received 24 hour notices; 0 accounts were disconnected (due to payment being received or payment arrangement being activated). 178 requests were received for Medically Vulnerable status in May 2011; 90 requests were received for Medically Vulnerable status in May 2010.



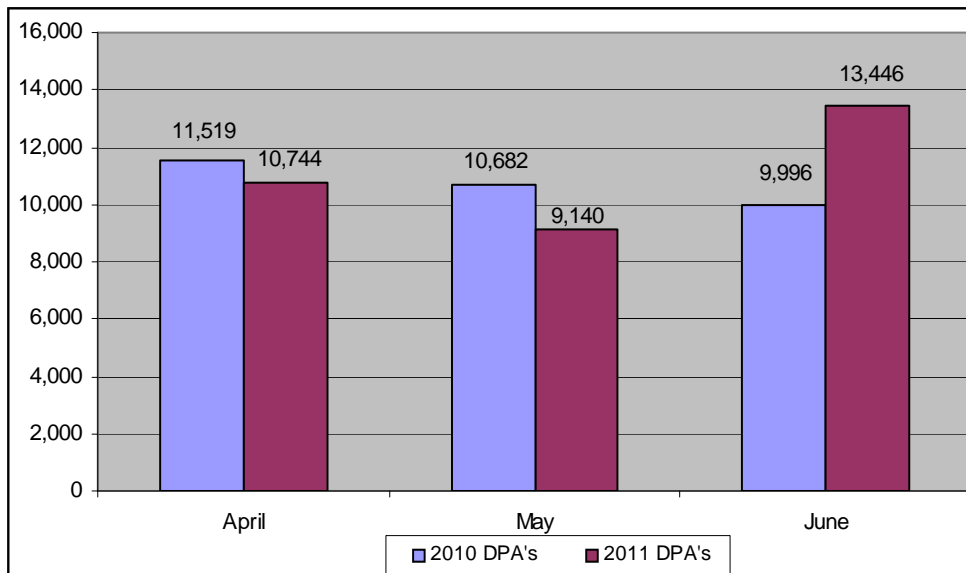


Monthly Deferred Payment Agreement and Disconnection Report Customer Care Division July 2011

Deferred Payment Agreements (DPAs)

| Month | 2010 DPAs | 2011 DPAs |
|---------------|--------------|--------------|
| April | 11,519 | 10,744 |
| May | 10,682 | 9,140 |
| June | 9,996 | 13,446 |
| Monthly Total | 32,197 | 33,330 |

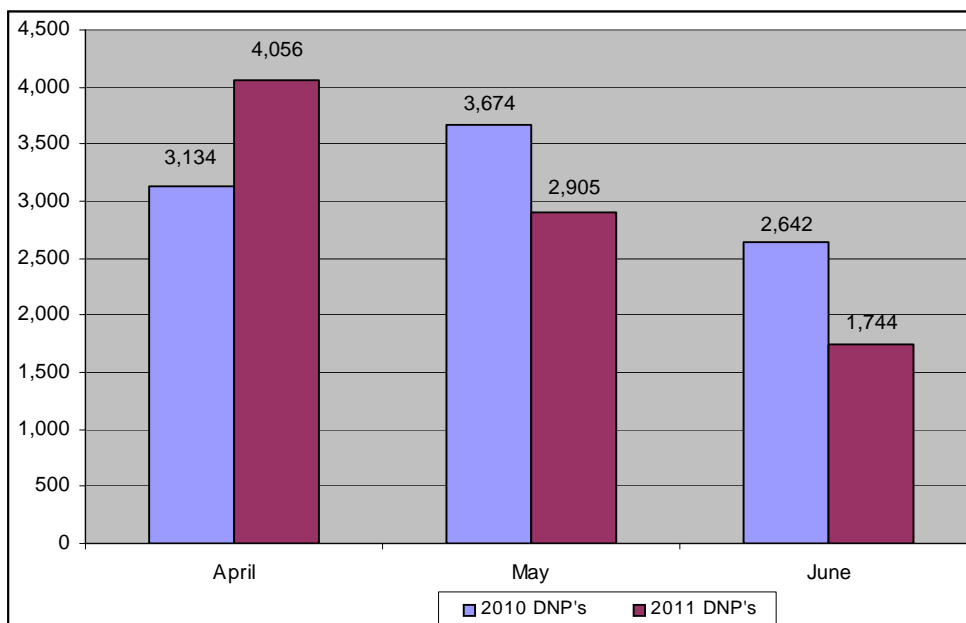
Note: For June 2011 there was a 35% increase in the number of DPAs written compared to the number written in June 2010.



Residential Disconnections

| Month | 2010 Disconnects | 2011 Disconnects |
|---------------|---------------------|---------------------|
| April | 3,134 | 4,056 |
| May | 3,674 | 2,905 |
| June | 2,642 | 1,744 |
| Monthly Total | 9,450 | 8,705 |

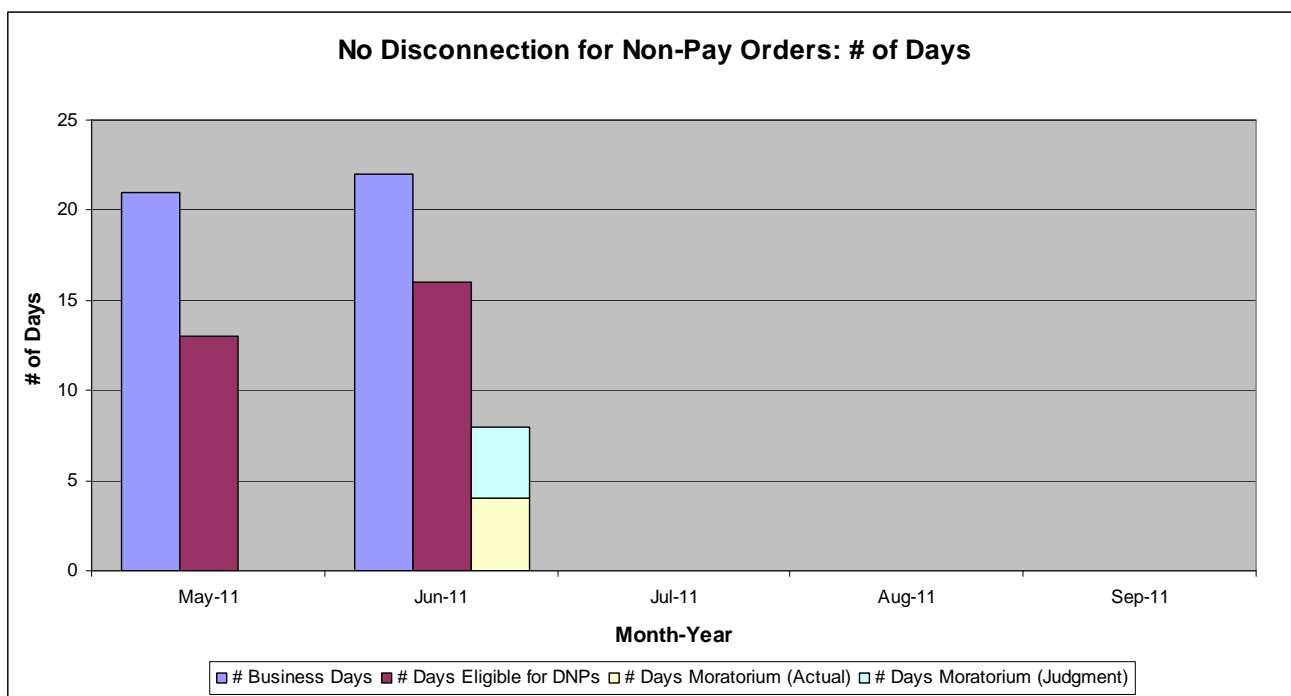
Life Support Information For the month of June 2011, 162 customers were identified as Medically Vulnerable. 36 accounts received 24-hour notices and 0 accounts were disconnected (due to payment being received or payment arrangement being activated). 178 requests were received for Medically Vulnerable status in June 2011; 166 requests were received for Medically Vulnerable status in June 2010.



Summer Moratorium Information

For the month of June 2011, Austin Energy has recorded a total of 22 business days with 16 eligible to create disconnect for non-payment (DNP) service orders. Austin Energy implemented the summer weather moratorium on 8 days, and DNPs were not issued on June 13, 14, 17, 20, 21, 22, 27, and 28 due to the combination of actual plus forecasted heat index. For June of 2010, Austin Energy instituted weather moratorium on 3 days.

| | # Business Days | # Days Eligible for DNPs | # Days Moratorium (Actual) | # Days Moratorium (Judgment) |
|--------|------------------------|---------------------------------|-----------------------------------|-------------------------------------|
| May-11 | 21 | 13 | 0 | 0 |
| Jun-11 | 22 | 16 | 4 | 4 |





ELECTRIC UTILITY COMMISSION REGULAR MEETING MINUTES JULY 18, 2011

The Electric Utility Commission (EUC) convened in a regular meeting in the Shudde Fath Conference Room at 721 Barton Springs Road in Austin, Texas.

1. **CALL TO ORDER** – Phillip Schmandt, Chair, called the meeting to order at 6:00 p.m. Commissioners in attendance: Phillip Schmandt, Chair; Linda Shaw, Vice Chair; Gary ‘Bernie’ Bernfeld, Shudde Fath, Stephen Smaha, and Steve Taylor. Dr. Michael E. Webber was absent.

Staff in attendance: Larry Weis, Cheryl Mele, Kerry Overton, Elaine Hart, J.J. Gutierrez, Ann Little, Andy Perny, Jackie Sargent, Alan Claypool, Karl Rabago, Pat Sweeney, Ed Clark, David Kutach, Kathleen Garrett, Fred Yebra, Scott Jarman, Jim Collins, Adrienne Brandt, Matt Russell, Marnie Cervenka, Cindi Perez, Carlos Cordova, Drusilla Saenz, and Toye Goodson Collins of Austin Energy; Rosemary Ledesma and Shawn Harris of the Purchasing Department.

2. **APPROVAL OF MINUTES** - Approve minutes of the June 20, 2011 regular meeting. **Motion to approve minutes by Commissioner Taylor, seconded by Commissioner Fath, passed on a vote of 6-0.**
3. **CITIZEN COMMUNICATIONS** – Lanetta Cooper of the Texas Legal Services Center provided comments and a handout on electric rate design. Scott Johnson spoke regarding proposed Fleet purchases and, specifically, on Item 22.

NEW BUSINESS – CONSENT ITEMS

4. Recommend authorization to execute a construction contract with PIATRA INC. (FW/WBE - 81.66%), Austin, TX, for Austin Energy’s Mueller Substation Security Enclosure in an amount not to exceed \$199,897.50. **Motion to approve on consent by Commissioner Taylor, seconded by Commissioner Smaha, passed on a vote of 6-0.**
5. Recommend authorization to negotiate and execute an amendment to the professional services agreement with ELLERBE BECKET INC., Minneapolis, MN, for architectural consulting services for Austin Energy's new System Control Center in the amount of \$230,240.34, including an increase of authorization in the amount of \$165,154.34, plus a contingency in the amount of \$50,000, for a total not-to-exceed authorization increase of \$215,154.34, and total not-to-exceed contract amount of \$5,167,837.11. **Motion to approve on consent by Commissioner Taylor, seconded by Commissioner Smaha, passed on a vote of 6-0.**
6. Recommend authorization to award and execute a 12-month requirements supply contract with S&C ELECTRIC COMPANY, Chicago, IL, for the purchase of circuit switchers for Austin Energy in an estimated amount not to exceed \$798,085, with four 12-month extension options in an estimated amount not to exceed \$798,085 per extension option, for a total estimated contract amount not to exceed \$3,990,425. **Motion to approve on consent by Commissioner Taylor, seconded by Commissioner Smaha, passed on a vote of 6-0.**
7. Recommend authorization to award and execute a 12-month requirements service contract with ABB, INC., Raleigh, NC, for support and maintenance of Austin Energy’s STATCOM System in an estimated amount not to exceed \$100,000, with four 12-month extension options in an estimated amount not to exceed \$100,000 per extension option, for a total estimated contract amount not to exceed \$500,000. **Motion to approve on consent by Commissioner Taylor, seconded by Commissioner Smaha, passed on a vote of 6-0.**

8. Recommend authorization to award and execute a 12-month requirements supply contract with WAUKESHA ELECTRIC SYSTEMS, INC., Dallas, TX, for the purchase of load tap changer kits for use at Austin Energy substations in an estimated amount not to exceed \$200,000, with four 12-month extension options in an estimated amount not to exceed \$200,000 per extension option, for a total estimated contract amount not to exceed \$1,000,000. **Motion to approve on consent by Commissioner Taylor, seconded by Commissioner Smaha, passed on a vote of 6-0.**
9. Recommend authorization to award and execute a 12-month requirements supply contract with TEXAS ELECTRIC COOPERATIVES, Georgetown, TX, for the purchase of relays for switchgear and control panels for Austin Energy in an estimated amount not to exceed \$200,000, with four 12-month extension options in an estimated amount not to exceed \$200,000 per extension option, for a total estimated contract amount not to exceed \$1,000,000. **Motion to approve on consent by Commissioner Taylor, seconded by Commissioner Smaha, passed on a vote of 6-0.**
10. Recommend authorization to award and execute a 12-month requirements supply contract with ACE 1 POWER EQUIPMENT, Austin, TX, for the purchase of meter sockets with prewired voltage transformer packs for Austin Energy in an estimated amount not to exceed \$150,000, with four 12-month extension options in an estimated amount not to exceed \$150,000 per extension option, for a total estimated contract amount not to exceed \$750,000. **Motion to approve on consent by Commissioner Taylor, seconded by Commissioner Smaha, passed on a vote of 6-0.**
11. Recommend authorization to negotiate and execute all documents and instruments necessary or desirable for the fee simple acquisition of a 12.62-acre tract of land out of Lot 4, Block H, Interport Planned Development, Travis County, Texas, located on Fallwell Lane, Austin, Texas, from New Interport, Ltd., a Texas Limited Partnership, to increase the land buffer and to support the planned expansion of Austin Energy's Sand Hill Energy Center in an amount not to exceed \$998,000. **Motion to approve by Commissioner Bernfeld, seconded by Commissioner Taylor, passed on a vote of 6-0.**
12. Recommend authorization to award, negotiate and execute an 84-month contract with POWER SYSTEMS MFG, LLC, Jupiter, FL, or one of the other qualified offerors to RFP No. SMH0118, for a long term maintenance agreement for Sand Hill Energy Center's gas turbine and generator unit #5 in an estimated amount not to exceed \$22,937,248. **Motion to approve by Commissioner Bernfeld, seconded by Commissioner Taylor, passed on a vote of 6-0.**
13. Recommend approval of an ordinance authorizing acceptance of \$363,250 in American Recovery and Reinvestment Act (ARRA) grant funds administered through the State Energy Conservation Office (SECO) and amending the Fiscal Year 2010-2011 Austin Energy Operating Budget Special Revenue Fund (Ordinance No. 20100913-002) to appropriate such grant funds, and recommend authorization to negotiate and execute a grant agreement between SECO and Austin Energy for the installation of a solar photovoltaic system at the City of Austin's George Washington Carver Museum and Library. **Motion to approve on consent by Commissioner Taylor, seconded by Commissioner Smaha, passed on a vote of 6-0.**
14. Recommend issuance of a rebate to CJUF II STRATUS BLOCK 21 LLC for the installation of energy efficient equipment in an amount not to exceed \$63,475. **Motion to approve on consent by Commissioner Taylor, seconded by Commissioner Smaha, passed on a vote of 6-0.**

15. Recommend issuance of a Letter of Intent for a rebate to LENNAR HOMES, Austin, TX, for the installation of solar energy systems designed to serve 12 new construction residential homes in the BRADSHAW CROSSING, COLORADO CROSSING, and STONEY RIDGE CROSSING SUBDIVISIONS, for a total amount not to exceed \$120,000. **Motion to approve by Commissioner Bernfeld, seconded by Commissioner Taylor, passed on a vote of 6-0.**
16. Recommend authorization to award and execute a 12-month requirement service agreement with YOUR FLYERS DELIVERED, Austin, TX, for the distribution of door hanging advertisements for Austin Energy's Power Saver™ Programs in an estimated amount not to exceed \$29,850, with three 12-month extension options in an estimated amount not to exceed \$29,980, for a total estimated contract amount not to exceed \$119,400. **Motion to approve by Commissioner Bernfeld, seconded by Commissioner Taylor, passed on a vote of 6-0.**
17. Recommend authorization to award, negotiate and execute a 22-month contract with TUERFF-DAVIS ENVIROMEDIA, INC., Austin, TX, or the other qualified offeror to RFP No. SMH0120, for marketing services in an estimated amount not to exceed \$1,000,000, with one 24-month extension option in an estimated amount not to exceed \$800,000, for a total estimated contract amount not to exceed \$1,800,000. **Motion to approve on consent by Commissioner Taylor, seconded by Commissioner Smaha, passed on a vote of 6-0.**
18. Recommend authorization to award, negotiate and execute a contract with JOHNSON CONTROLS, INC., Austin, TX, for a motor upgrade on a YORK chiller for the Domain District Energy Cooling System for a total estimated contract amount not to exceed \$156,690. **Motion to approve on consent by Commissioner Taylor, seconded by Commissioner Smaha, passed on a vote of 6-0.**
19. Authorize award and execution of Amendment No. 2 to a contract with COMP-UTILITY CORPORATION, Austin, TX, for the purchase of Uninterruptible Power Supply (UPS) power modules and external battery system maintenance for the 911 back-up center at the Combined Transportation, Emergency & Communications Center (CTECC) to extend the contract for one 12-month extension option in an estimated amount not to exceed \$14,919 with two additional 12-month extension options in an estimated amount not to exceed \$14,919 each, for a revised total estimated contract amount not to exceed \$106,383. **Motion to approve on consent by Commissioner Taylor, seconded by Commissioner Smaha, passed on a vote of 6-0.**
20. Recommend authorization to award and execute a contract through the Texas Local Government Purchasing Cooperative (BuyBoard) with PHILPOTT MOTORS, LTD, Nederland, TX, for the purchase of 35 light-duty hybrid vehicles in an amount not to exceed \$958,944.50. (Austin Energy's share is \$111,247.25.) **Motion to approve by Commissioner Bernfeld, seconded by Commissioner Taylor, passed on a vote of 6-0.**
21. Recommend authorization to award and execute 11 contracts through the Texas Local Government Purchasing Cooperative (BuyBoard) with: EQUIPMENT SOUTHWEST, INC., Irving, TX for the purchase of one dump body and three loader attachments in an amount not to exceed \$262,992.40; JOHN DEERE SHARED SERVICES, INC., Moline, IL for the purchase of six tractor/loader/backhoes, two wheel loaders, and one rubber track loader in an amount not to exceed \$960,891.15; WAUKESHA-PEARCE INDUSTRIES, INC., Houston, TX for the purchase of two wheeled excavators in an amount not to exceed \$607,520.80; KINLOCH EQUIPMENT & SUPPLY, INC., Arlington, TX for the purchase of one Vactor sewer body in an amount not to exceed \$207,323.51; COOPER EQUIPMENT CO., INC., San Antonio, TX for the purchase of two gooseneck trailers and one 7,500 gallon water tank in an amount not to

exceed \$236,446.10; RUSH TRUCK CENTERS OF TEXAS LP, Buda, TX for the purchase of five cab and chassis and one street-flusher truck in an amount not to exceed \$573,150.00; TEXAN WASTE EQUIPMENT INC. dba HEIL OF TEXAS, Houston, TX for the purchase of seven refuse collection bodies in an amount not to exceed \$638,460.00; CHASTANG ENTERPRISES, INC., Houston, TX for the purchase of two cab and chassis in an amount not to exceed \$279,378.00; TIGER CORPORATION, Sioux Falls, SD for the purchase of one slope mower in an amount not to exceed \$99,225.52; TEREX UTILITIES, INC., San Antonio, TX for the purchase of one aerial device in an amount not to exceed \$118,182.00; WIRTGEN AMERICA, INC., Antioch, TN for the purchase of one milling machine and one drum roller in an amount not to exceed \$282,229.70. (Austin Energy's share is \$118,182.) **Motion to approve on consent by Commissioner Taylor, seconded by Commissioner Smaha, passed on a vote of 6-0.**

22. Recommend authorization to award and execute a contract with CALDWELL COUNTRY CHEVROLET, Caldwell, TX, for the purchase of 12 Chevrolet Tahoes in an amount not to exceed \$331,619.45. (Austin Energy's share is \$91,599.15.) **Motion to approve by Commissioner Bernfeld, seconded by Commissioner Taylor, passed on a vote of 6-0.**
23. Authorize award and execution of a contract with CALDWELL COUNTRY CHEVROLET, Caldwell, TX, or one of the other qualified bidders for IFB-BV SAP0123, for the purchase of five 15-passenger vans in an amount not to exceed \$114,880. (Austin Energy's share is \$22,976.) **Motion to approve on consent by Commissioner Taylor, seconded by Commissioner Smaha, passed on a vote of 6-0.**

STAFF REPORTS AND BRIEFINGS

24. Monthly Financial Report by Steve Machicek, Corporate Accounting and Rates.
25. Deferred Payment Arrangements and Disconnections Report by J.J. Gutierrez, Vice President, Customer Care.
26. Presentation of Austin Energy's Annual Performance Report FY 2010 by Cheryl Mele, Chief Operating Officer. Commissioners suggested a few revisions and commended staff for providing comprehensive data. Chair Schmandt requested that staff solicit input from stakeholders prior to their final consideration of the report at next month's meeting.
27. Briefing on plans to execute additional long-term wind power purchase agreements by Michael Osborne, Assistant to the General Manager. The Commission is scheduled to make a recommendation on the proposed contracts at next month's meeting.
28. Update on Austin Energy's rate redesign including preliminary commercial and industrial rates by Larry Weis, General Manager, and Ann Little, Vice President, Finance and Corporate Services. Following a discussion regarding rate restructuring, Commissioners requested that their September 1 meeting be held at City Hall to allow for a live televised broadcast and, if possible, that staff arrange for additional public input via email during the meeting. They also requested that staff advertise the meeting to increase public participation.

FUTURE AGENDA ITEMS

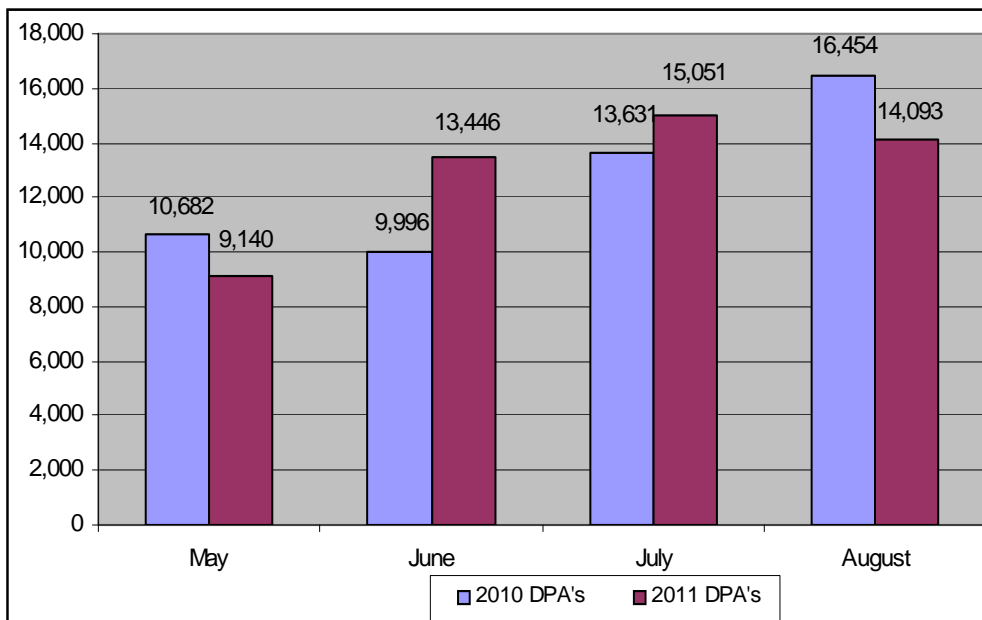
29. Request agenda items including information related to the Upcoming Procurements Report. Commissioner Bernfeld requested a list of software purchases including costs.
30. **ADJOURN** – Chair Schmandt adjourned the meeting at 8:13 p.m. without objection.



Monthly DPA and Disconnect Report August 2011

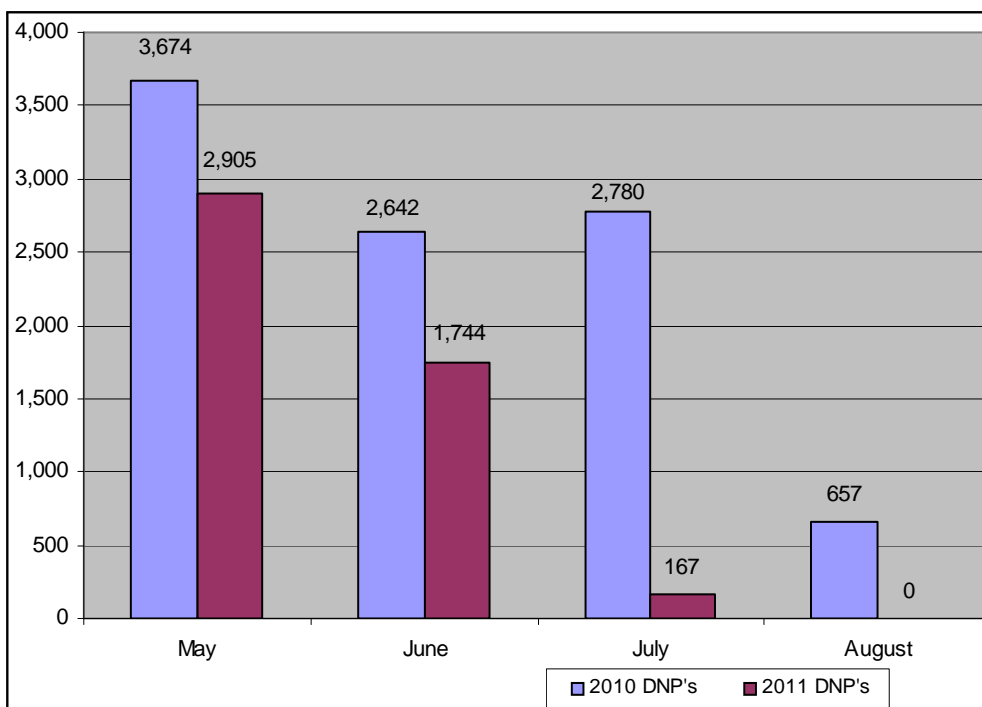
Deferred Payment Agreements

| Month | 2010 DPAs | 2011 DPAs |
|---------------|-----------|-----------|
| May | 10,682 | 9,140 |
| June | 9,996 | 13,446 |
| July | 13,631 | 15,051 |
| August | 16,454 | 14,093 |
| Monthly Total | 50,763 | 51,730 |



Residential Disconnections

| Month | 2010 Disconnects | 2011 Disconnects |
|---------------|------------------|------------------|
| May | 3,674 | 2,905 |
| June | 2,642 | 1,744 |
| July | 2,780 | 167 |
| August | 657 | 0 |
| Monthly Total | 9,753 | 4,816 |



Life Support Information For the month of August 2011, 201 customers were identified as Medically Vulnerable; that number was 99 in August 2010. 42 accounts received 24 hour notices and 0 accounts were disconnected (due to payment being received or payment arrangement being activated). 339 requests were received for Medically Vulnerable status in August 2011; 139 requests were received for Medically Vulnerable status in August 2010.



Summer Moratorium Information

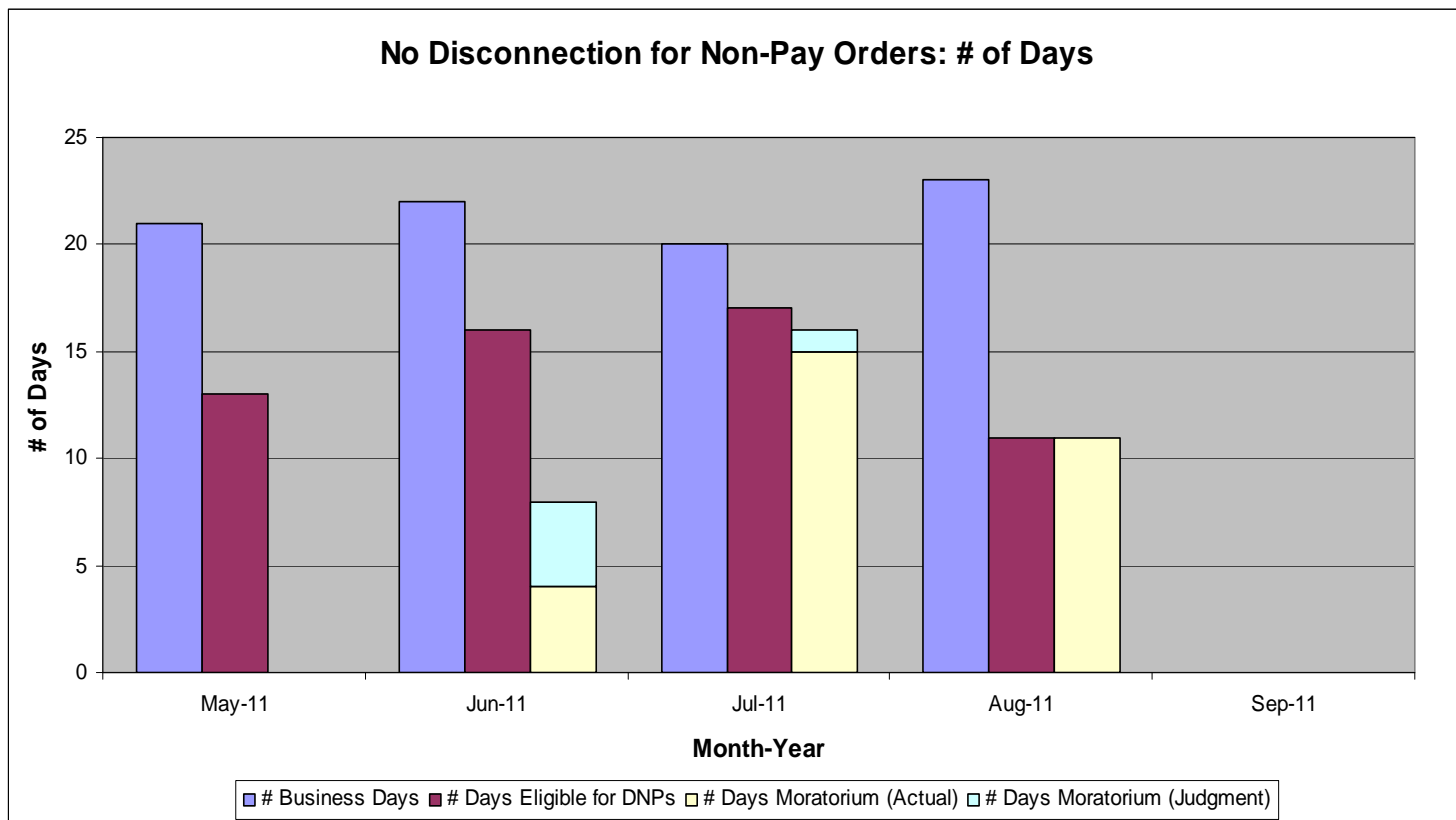
For the month of August 2011, Austin Energy has recorded a total of 23 business days eligible to create disconnect for non-payment (DNP) service orders. Austin Energy has implemented the summer weather moratorium on 11 days, and DNP's were not issued on due to the combination of actual plus forecasted heat index.

| | # Business Days | # Days Eligible for DNP's | # Days Moratorium (Actual) | # Days Moratorium (Judgment) |
|-----------|-----------------|---------------------------|----------------------------|------------------------------|
| May-11 | 21 | 13 | 0 | 0 |
| Jun-11 | 22 | 16* | 4 | 4 |
| Jul-11 | 20 | 17** | 15 | 1 |
| Aug-11*** | 23 | 11 | 11 | 0 |

*June had 8 days out of 16 that we did not DNP due to heat. AE disconnected 4 days in June.

**July 1st was the only day AE disconnected customers; all remaining days were heat moratorium.

***AE stopped delivery of Residential 24 hour notices on August 5th due to extreme heat. There are zero days in August for DNP.





ELECTRIC UTILITY COMMISSION REGULAR MEETING MINUTES – Approved 9/19/2011 AUGUST 15, 2011

The Electric Utility Commission (EUC) convened in a regular meeting in the Shudde Fath Conference Room at 721 Barton Springs Road in Austin, Texas.

1. **CALL TO ORDER** – Phillip Schmandt, Chair, called the meeting to order at 6:00 p.m.
Commissioners in attendance: Phillip Schmandt, Chair; Linda Shaw, Vice Chair; Gary ‘Bernie’ Bernfeld, Shudde Fath, Stephen Smaha, Steve Taylor, and Dr. Michael E. Webber.
Staff in attendance: Larry Weis, Cheryl Mele, Elaine Hart, J.J. Gutierrez, Jackie Sargent, Jeff Vice, Steve Leinweber, Jamie Mitchell, David Kutach, Rusty Maenius, Michael Osborne, Marnie Cervenka, Adrienne Brandt, Pat Alba, Fred Yebra, Lisa Tamez, Kerri Davis, Pat Sweeney, Drusilla Saenz, Chris Smith, Steve Machicek, and Christopher Frye of Austin Energy; and Rosemary Ledesma of the Purchasing Department.
2. **APPROVAL OF MINUTES** - Approve minutes of the July 18, 2011 regular meeting. **Motion to approve minutes by Commissioner Taylor, seconded by Commissioner Smaha, passed on a vote of 7-0.**
3. **CITIZEN COMMUNICATIONS** – Ashley Bailey representing CCARE spoke on Item 27 regarding the development of policy guidelines for the redesign of electric rates.

NEW BUSINESS – CONSENT ITEMS

4. Authorize negotiation of a power purchase agreement with MAP Royalty Inc., Palo Alto, CA, for a term of up to twenty-five years for up to 91 megawatts of wind-generated electricity in an estimated amount of \$13,000,000 per year, for an estimated total contract amount of \$325,000,000. **Motion to approve by Chair Schmandt, seconded by Commissioner Taylor, passed on a vote of 7-0.**
5. Authorize negotiation of a power purchase agreement with Duke Energy Generation Services, Houston, TX, for a term of up to twenty-five years for up to 200 megawatts of wind-generated electricity in an estimated amount of \$32,800,000 per year, for an estimated total contract amount of \$820,000,000. **Motion to approve by Chair Schmandt, seconded by Commissioner Taylor, passed on a vote of 7-0.**
6. Authorize a contract through the Texas Local Government Purchasing Cooperative (BuyBoard) with PHILPOTT MOTORS, LTD, Nederland, TX, for 32 light-duty pickup trucks (\$728,745). AE will purchase 17 Ford trucks under this contract: 6 new, 11 replacements, for \$398K. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
7. Authorize a contract through the Texas Local Government Purchasing Cooperative (BuyBoard) with PHILPOTT MOTORS, LTD., Nederland, TX, for 38 medium-duty service vehicles (\$1,594,730). AE will purchase 9 Ford trucks: 3 new, 6 replacements, for \$483K. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
8. Issue energy efficiency rebate to Round Rock ISD – Westwood High School (\$73,452). **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
9. Issue energy efficiency rebate to Data Foundry (Texas 1) (\$61,181). **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
10. Authorize execution of a power purchase agreement with MAP Royalty Inc., Palo Alto, CA, for a term of up to twenty-five years for up to 91 megawatts of wind-generated electricity in an estimated amount of \$13,000,000 per year, for an estimated total contract amount of

\$325,000,000. **The Commission requested this item be pulled from the agenda pending additional details.**

11. Authorize execution of a power purchase agreement with Duke Energy Generation Services, Houston, TX, for a term of up to twenty-five years for up to 200 megawatts of wind-generated electricity in an estimated amount of \$32,800,000 per year, for an estimated total contract amount of \$820,000,000. **The Commission requested this item be pulled from the agenda pending additional details.**
12. Execute a 24-month requirements service contract with FERCAM GROUP (MBE), Humble, TX, and TERRACON CONSULTANTS, INC., Austin, TX, or one of the other qualified responders to RFP DKC0025 for inspection, monitoring abatement planning and remediation of asbestos and lead-based paint at Austin Energy facilities (\$500,000 each and combined, with two 24-month extension options at \$500,000 each and combined, for total of \$1,500,000 each and combined). **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
13. Execute Amendment No. 2 to a contract with DIGITAL INSPECTIONS, Corvallis, OR, for the maintenance and support of CASCADE database software to exercise the second 12-month extension option (\$20,277), authorize award of the two remaining 12-month extension (\$20,277 per) and to add five additional 12-month extension options (\$20,277 per), for revised total of \$202,767. **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
14. Execute a 36-month requirements supply contract with BRUGG CABLES, LLC, Rome, GA, for the purchase of optical power ground wire cable (\$753,450, with three 12-month extension options at \$251,150 per, for total of \$1,506,900). **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
15. Execute a 12-month requirements service contract with KORTERRA INCORPORATED, Chanhassen, MN, for the purchase of Application Service Provider (ASP) hosting services for damage prevention services (\$50,000, with four 12-month extension options at \$50,000 per, for total of \$250,000). **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
16. Execute a 36-month requirements service and supply contract with EATON CORPORATION, Raleigh, NC, for the purchase of UPS batteries including an extended warranty and service agreement (\$135,890). **Motion to approve by Chair Schmandt, seconded by Commissioner Taylor, passed on a vote of 7-0.**
17. Execute Amendment No. 3 to a contract with T-C Barton Springs LLC, Austin, TX to increase the contract for the lease of office space located at 811 Barton Springs Road (\$390,000, for revised total of \$7,312,764). **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
18. Execute Amendment No. 6 to a requirements service contract with DOBLE ENGINEERING COMPANY, Watertown, MA for the lease of oil analysis equipment, software and consulting services to add an additional five 12-month extension options (\$59,238 per option, for revised total of \$568,782). **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
19. Execute Amendment No. 2 to a contract with CLARITAS INC., San Diego, CA for Customer Segmentation Data services to exercise the second 12-month extension option (\$18,995), with two additional 12-month extension options (\$18,995 per) and to add three additional 12-month extension options (\$18,995 per), for a revised total of \$170,955. **Motion to approve by Chair Schmandt, seconded by Commissioner Taylor, passed on a vote of 7-0.**

20. Execute a contract through the TEXAS MULTIPLE AWARD SCHEDULE (TXMAS) cooperative purchasing program with JOHNSON CONTROLS, Austin, TX, for the purchase and installation of two new high efficiency chillers, one at the Givens Recreation Center and the other at the Conley-Guerrero Recreation Center (\$141,135). **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
21. Execute Amendment No. 3 to a contract with the STATE of TEXAS DEPARTMENT OF INFORMATION RESOURCES (DIR), with Adjacent Technologies, Austin, TX, to increase the contract for software upgrade, implementation and to extend support services for the existing IBM FileNet software, including technical, training, and annual support and maintenance services for applications and software (\$920,000; and to add four 12-month extension options in an amount not to exceed \$962,000 for the third extension option, \$912,000 for the fourth extension option, \$908,200 for the fifth extension option and \$808,200 for the sixth extension option, for a total revised contract amount not to exceed \$6,440,400). **Motion to approve on consent by Chair Schmandt, seconded by Commissioner Webber, passed on a vote of 7-0.**
22. Execute a 12-month requirements service agreement with AM CONSERVATION GROUP, INC, Charleston, SC to purchase weatherization kits (\$393,710, with four 12-month extension options (\$265,710 per), for total of \$1,456,550). **Motion to approve by Chair Schmandt, seconded by Commissioner Taylor, passed on a vote of 7-0.**

STAFF REPORTS AND BRIEFINGS

23. Deferred Payment Arrangements and Disconnections Report by J.J. Gutierrez, Vice President, Customer Care.
24. Monthly Financial Report by Steve Machicek, Corporate Accounting and Rates
25. Presentation on and Approval of Austin Energy's Budget for FY2012. Presentation by Elaine Hart, Chief Operating Officer. **Motion by Chair Schmandt to recommend approval of Austin Energy's Proposed FY 2012 Budget subject to eliminating Austin Energy's funding of the Economic Growth & Redevelopment Services Office (EGRSO) and applying those funds to restore Austin Energy's energy efficiency programs to last year's levels and applying the remainder to Austin Energy's Repair and Replacement Fund. Seconded by Commissioner Smaha. Passed on a vote of 7-0.** The Commission will send a related resolution to Council conveying this recommendation.
26. Discussion of Austin Energy's Annual Performance Report. Presentation by Cheryl Mele, Chief Operating Officer. Chair Schmandt suggested that benchmarking of commercial and industrial bills be included in future reports. He also requested that suggestions submitted by CCARE be addressed at the September 19 meeting. The Commission welcomed public comments regarding the report. Carol Biedrzycki of Texas ROSE offered suggestions, including that the number of customers receiving assistance be reported.
27. Update on Austin Energy's rate redesign, with opportunity for citizen communications regarding Recommended Policy Guidelines – Presentation by Larry Weis, General Manager, and Mark Dreyfus, Director, Government Relations & Regulatory Affairs. Staff will make a final recommendation at the October 17, 2011 EUC meeting. In addition to the dates included on Slide 8 of the presentation, the Commission suggested the following additional deadlines and actions: September 12 – Deadline to submit questions or comments on residential rates; September 19 (EUC meeting) – Staff responds to questions and comments, public input; September 26 – Deadline on submitting comments and questions on commercial and industrial rates; October 3 (special-called meeting) – Staff responds, public input. The Commission agreed to a 5:00 p.m. start time for their meetings on September 19 and October 17 to conduct regular business prior to the Rate Review

discussion, which will begin at 6:00 p.m. The Commission welcomed public comments on this item. Lanetta Cooper of the Texas Legal Service Center, Carol Biedrzycki of Texas ROSE, and Tom “Smitty” Smith of Public Citizen distributed handouts and made suggestions.

28. Briefing on plans to execute additional long-term wind power purchase agreement – by Michael Osborne, Special Assistant to the General Manager. Mr. Osborne briefed the Commission on a proposed third PPA for approximately 200 MW of wind energy. Austin Energy will request that the EUC recommend approval of the contract at their September 19 meeting.

FUTURE AGENDA ITEMS

29. Request agenda items including information related to the Upcoming Procurements Report – No requests.
30. Announce special-called EUC meeting to be held September 1, 2011, 6:00 p.m., at Town Lake Center, 721 Barton Springs Road, to receive Rate Analysis and Recommendations Report.
31. **ADJOURN** – Chair Schmandt adjourned the meeting at 9:32 p.m. without objection.

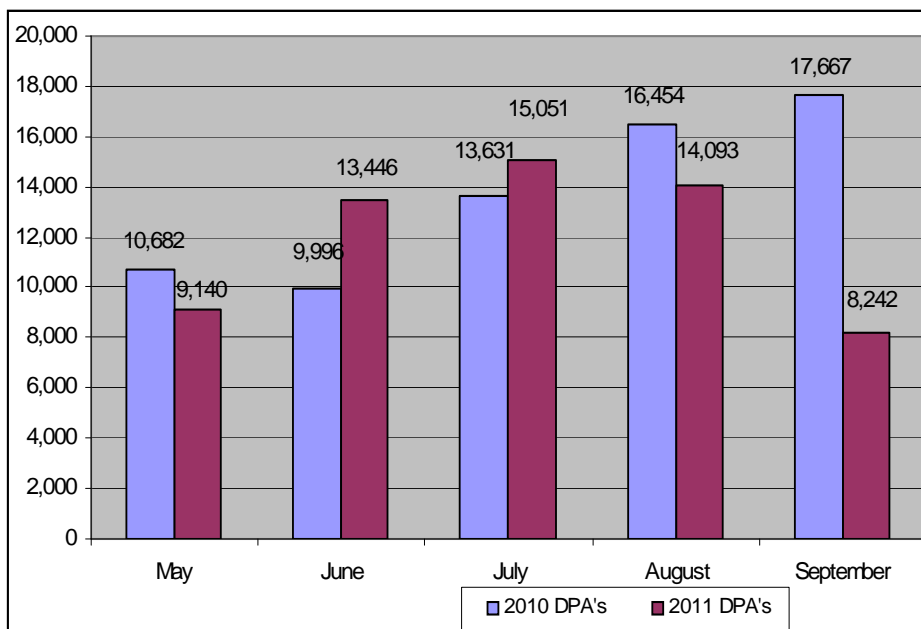


Monthly DPA and Disconnect Report September 2011

Deferred Payment Agreements

| Month | 2010 DPAs | 2011 DPAs |
|---------------|--------------|--------------|
| May | 10,682 | 9,140 |
| June | 9,996 | 13,446 |
| July | 13,631 | 15,051 |
| August | 16,454 | 14,093 |
| September | 17,667 | 8,242 |
| Monthly Total | 68,430 | 59,972 |

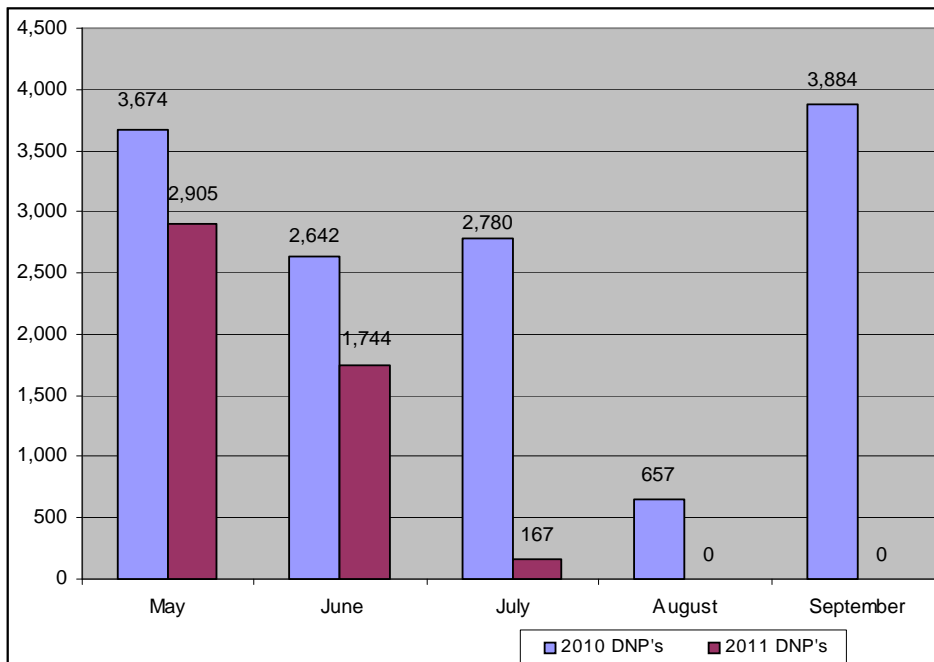
Note: For September 2011 there was a 53% decrease in the number of DPAs written compared to the number written in September 2010. The weather moratorium was well advertised, and customers called much less.



Residential Disconnections

| Month | 2010 Disconnects | 2011 Disconnects |
|---------------|---------------------|---------------------|
| May | 3,674 | 2,905 |
| June | 2,642 | 1,744 |
| July | 2,780 | 167 |
| August | 657 | 0 |
| September | 3,884 | 0 |
| Monthly Total | 13,637 | 4,816 |

Life Support Information For the month of September 2011, 204 customers were identified as Medically Vulnerable; that number was 98 in September 2010. 89 accounts received 24 hour notices and 0 accounts were disconnected (due to payment being received or payment arrangement being activated). 167 requests were received for Medically Vulnerable status in September 2011; 125 requests were received for Medically Vulnerable status in September 2010.





Summer Moratorium Information

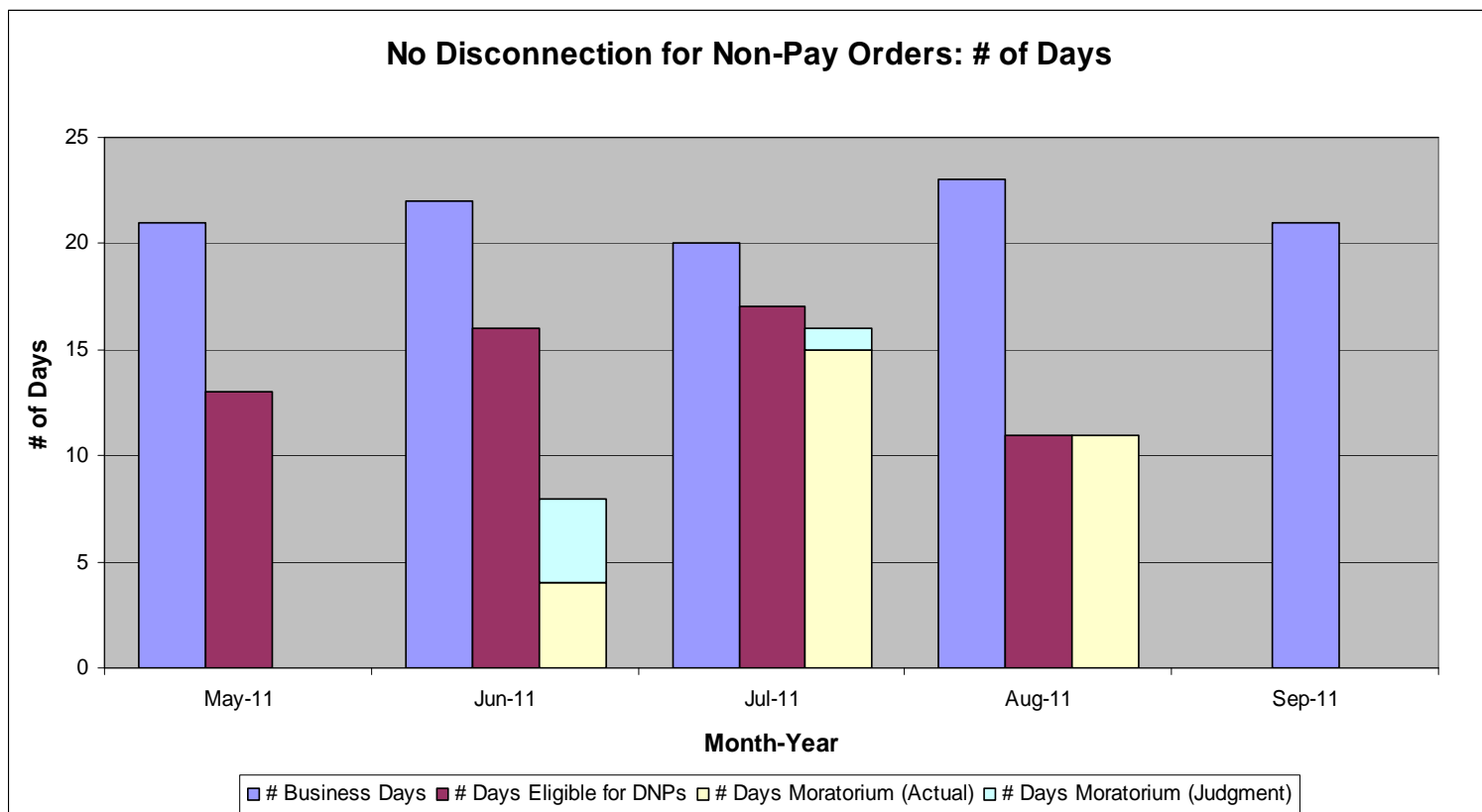
For the month of September 2011, Austin Energy has recorded a total of 21 business days eligible to create disconnect for non-payment (DNP) service orders. Due to the CC&B conversion, AE did not deliver Residential 24 hour notices, and DNP's were not issued.

| | # Business Days | # Days Eligible for DNP's | # Days Moratorium (Actual) | # Days Moratorium (Judgment) |
|-----------|-----------------|---------------------------|----------------------------|------------------------------|
| May-11 | 21 | 13 | 0 | 0 |
| Jun-11 | 22 | 16* | 4 | 4 |
| Jul-11 | 20 | 17** | 15 | 1 |
| Aug-11*** | 23 | 11 | 11 | 0 |
| Sept-11 | 21 | 0 | 0 | 0 |

*June had 8 days out of 16 that we did not DNP due to heat. AE disconnected 4 days in June.

**July 1st was the only day AE disconnected customers; all remaining days were heat moratorium.

***AE stopped delivery of Residential 24 hour notices on August 5th due to extreme heat. There are zero days in August for DNP.



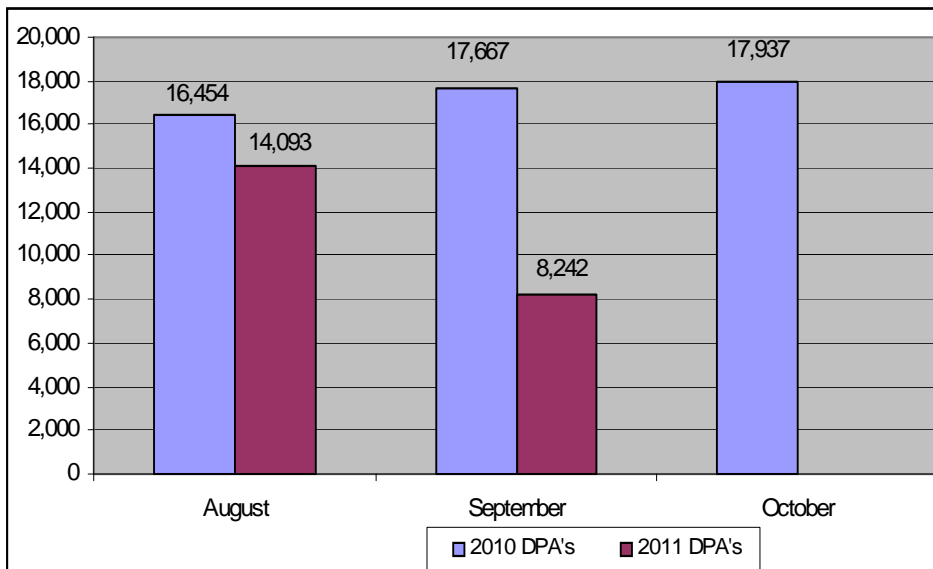


Monthly DPA and Disconnect Report October 2011

Deferred Payment Agreements

| Month | 2010 DPAs | 2011 DPAs |
|---------------|--------------|--------------|
| August | 16,454 | 14,093 |
| September | 17,667 | 8,242 |
| October | 17,937 | * |
| Monthly Total | 68,430 | 22,335 |

*Data not yet available in new Customer Care & Billing (CC&B) system due to post conversion activities

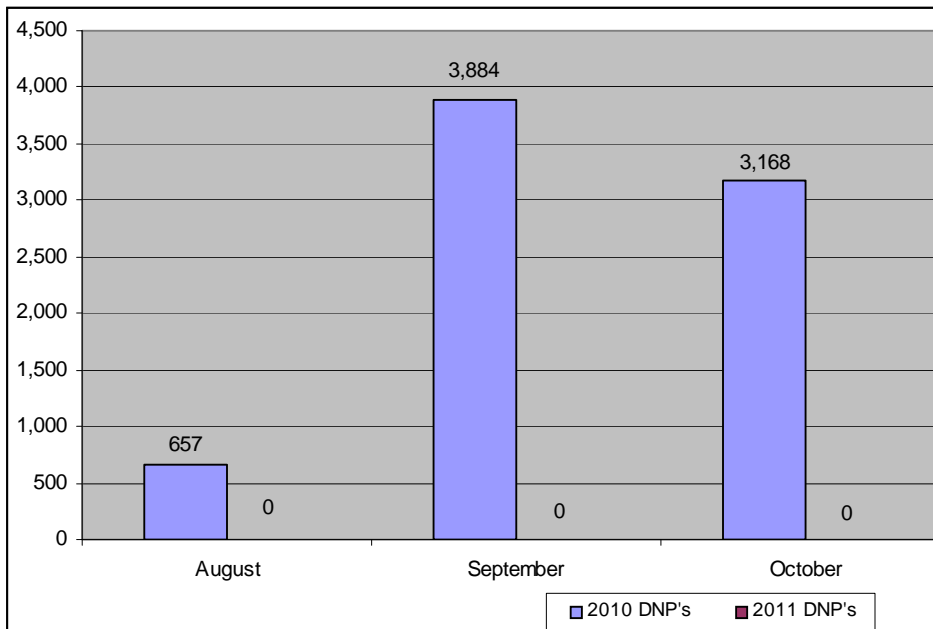


Residential Disconnections

| Month | 2010 Disconnects | 2011 Disconnects |
|---------------|---------------------|---------------------|
| August | 657 | 0 |
| September | 3,884 | 0 |
| October | 3,168 | 0** |
| Monthly Total | 7,709 | 0 |

**There were no residential disconnections during conversion to new CC&B system.

Life Support Information For the month of October 2011, 190 customers were identified as Medically Vulnerable compared to 112 in October 2010. No accounts received 24 hour notices and no accounts were disconnected; no collections activities during CC&B conversion.





Electric Utility Commission

November 17, 2014

Minutes

The Electric Utility Commission (EUC) convened in a regularly-scheduled meeting in the Shudde Fath Conference Room at 721 Barton Springs Road in Austin, Texas.

The meeting was called to order by Chair Osborne at 6:07 pm. Commissioners Butler, Fath, Hadden, Heidebrecht, Rai, and Shaw were also in attendance.

1. **APPROVAL OF MINUTES** - Approve minutes of the October 20, 2014 regular meeting.
Motion to approve meeting minutes (Fath); seconded (Shaw); passed on a vote of 7-0.

2. **CITIZEN COMMUNICATIONS:** *Richard Halpin; Dale Bulla; Patty Stephens.*

NEW BUSINESS – CONSENT ITEMS (Targeted Council Date)

Following discussion on various items, motion to recommend approval of all items (3, 4, 6-18) except 5 (Heidebrecht); seconded (Shaw); passed on a vote of 7-0. Item 5 passed on a vote of 6-1, with Commissioner Rai voting “no” and stating that the item is not related to AE’s mandate/core functions (e.g., safety, reliability).

3. (11/20) Authorize additional funding in an amount of \$1,300,000 to the job order contract with GO GREEN SQUADS, LLC (WBE/FW); MCCULLOUGH HEATING & AIR CONDITIONING, INC.; CLIMATE MECHANICAL, INC., AIRTECH ENERGY SYSTEMS, INC.; GOOD NEIGHBOR MANAGEMENT, INC. DBA CITY CONSERVATION; AND AMERICAN CONSERVATION & AIR, INC., for Austin Energy's Home Efficiency Assistance (HEAP) Program Tier 2 Basic Weatherization Plus HVAC, to be distributed to the contractors based on work authorization and availability.
4. (11/20) Authorize negotiation and execution of an amendment to the professional services agreement with NADAAA, INC, for additional design services for the Seaholm Substation Wall - Art in Public Places Project, in an amount not to exceed \$122,483.48, for a total contract amount not to exceed \$476,841.48.

5. (11/20) Select an option for the construction of Seaholm Substation Art Wall Subproject and authorize additional funding for the Construction Manager at Risk Contract with HENSEL PHELPS CONSTRUCTION COMPANY for one of the following Seaholm Substation Art Wall options: Option 1- authorize no additional funding for an unchanged Construction Cost Limitation of \$118,200,200, Option 2 - authorize an additional \$668,784 for a revised Construction Cost Limitation of \$118,868,984, Option 3 - authorize an additional \$1,447,286 for a revised Construction Cost Limitation of \$119,647,486 or Option 4 - authorize an additional \$2,852,073 for a revised Construction Cost Limitation of \$121,052,273; and authorize negotiation and execution of a final Guaranteed Maximum Price Amendment Seaholm Substation Art Wall component for the New Central Library and Related Improvement Contract.
6. (12/11) Authorize negotiation and execution of an agreement with LegalZoom, to provide a performance-based incentive for the generation of solar energy at its facility located at 9900 Spectrum Drive in Austin, Texas, for an estimated \$34,142 per year, for a total amount not to exceed \$341,420 over a 10-year period.
7. (12/11) Authorize negotiation and execution of an agreement with Overlook at Rob Roy's Lake Pointe Center, to provide a performance-based incentive for the generation of solar energy at its facility located at 11612 FM 2244 in Austin, Texas, for an estimated \$14,166 per year, for a total amount not to exceed \$141,660 over a 10-year period.
8. (12/11) Authorize negotiation and execution of an agreement with Overlook at Rob Roy's Hills Office Park, to provide a performance-based incentive for the generation of solar energy at its facility located at 4611 FM 2244 in West Lake Hills, Texas for an estimated \$9,371 per year, for a total amount not to exceed \$93,710 over a 10-year period.
9. (12/11) Approve issuance of a rebate to Riverstone Residential, for performing energy efficiency improvements at the Fort Branch at Trumans Landing Apartments located at 5800 Techni Center Dr., Austin, Texas 78721, in an amount not to exceed \$85,203.
10. (12/11) Approve issuance of a rebate to Westdale Asset Management, for performing energy efficiency improvements at Hunters Chase Apartments – East Phase located at 12343 Hunters Chase Dr., Austin, Texas 78729, in an amount not to exceed \$131,250.
11. (12/11) Approve issuance of a rebate to Bouldin Willows Apartments Inc., for performing energy efficiency improvements at The Willows Apartments located at 600 South 1st St., Austin, Texas 78704, in an amount not to exceed \$67,900.
12. (12/11) Authorize extension of the contract with Bilfinger Tepsco Inc. for chilled water piping construction services in the right-of-way, for an additional 12-month period in an amount not to exceed \$1,280,000.

13. (12/11) Authorize award and execution of two 12-month requirements service contracts with VEOLIA ES TECHNICAL SOLUTIONS, LLC. for the collection and disposal of industrial non-hazardous and hazardous waste in an amount not to exceed \$150,704, with three 12-month extension options not to exceed \$150,704 each and combined per extension option, for a total contract amount not to exceed \$602,816 each and combined; and CLEAN HARBORS ENVIRONMENTAL SERVICES in an amount not to exceed \$35,400 each and combined, with three 12-month extension options in an amount not to exceed \$35,400 each and combined per extension option, for a total contract amount not to exceed \$141,600 each and combined. The annual amount for all services required under these contracts will be for a total each and combined amount not to exceed \$186,104.
14. (12/11) Authorize the award and execution of Amendment 6 to the contract with Open Link, Inc. for the implementation of an Open Link software upgrade in an amount not to exceed \$1,992,400, with a 60-month extension option for maintenance and support services in an amount not to exceed \$2,241,856, for a revised total contract amount not to exceed \$5,030,412.
15. (12/11) Authorize award and execution of an Amendment to a requirements-based contract with SCHNEIDER ELECTRIC, INC. to provide additional functionality and upgrades in the existing Advanced Distribution Management System software, for an increase to the contract amount not to exceed \$1,200,000, and increase authorization for software maintenance and support services in an amount not to exceed \$85,000 per each of the remaining four annual extension options, for a total revised contract amount not to exceed \$7,240,000.
16. (12/11) Authorize award and execution of Amendment No. 8 to the contract, through the Texas Local Government Purchasing Cooperative (BuyBoard), with RICOH AMERICAS CORPORATION for a long term lease of multi-function office equipment devices and managed services, to increase the contract authorization in an amount not to exceed \$600,000, for a revised total contract amount not to exceed \$2,974,999.
17. (12/11) Authorize award and execution of a 24-month requirements supply agreement with TECHLINE INC, to provide various 145kV dead tank circuit breakers for Austin Energy in an amount not-to-exceed \$1,845,640, with three 12-month extension options in an amount not to exceed \$922,820 per extension option, for a total contract amount not to exceed \$4,614,100.
18. (12/11) Approve an ordinance authorizing appropriation of \$5,010,812 in American Recovery and Reinvestment Act (ARRA) grant funds from the U.S. Department of Energy and amending the Fiscal Year 2014-2015 Austin Energy Operating Budget Special Revenue Fund of Ordinance No. 20140908-001 to appropriate the funds to continue the Retrofit Ramp-Up Program, including two temporary full-time equivalent positions for continued implementation of the program.

Note: Chair exercised prerogative and took the following items up in an alternate order; for Minutes, the items remain as ordered on the agenda.

BRIEFINGS

19. Briefing and possible action regarding City of Austin utilities customers deferred payment agreements, arrearage management program and hearings process.

Following presentation by JJ Gutierrez, Vice President, Customer Care, motion to support staff modifications (Fath); seconded (Rai); approved in the following manner:

5-2 (Osborne, Hadden “no”) for Payment Arrangement Policy Change for CAP Customers;

5-1-1 (Osborne “no”; Hadden “abstain”) for Pymt. Arrangement Policy Change for Non-CAP;

5-2 (Osborne, Hadden “no”) for Arrearage Management Program for CAP Customers; and

4-2-1 (Osborne, Butler “no”; Hadden “abstain”) for Arrearage Management Program for Non-CAP Customers. Motion to approve committee recommendations regarding Customer Dispute and Hearings Process (Fath); seconded (Butler); passed on vote of 7-0.

20. Briefing and possible action regarding budget changes related to Resolution No. 20140828-157, Section 2, regarding solar.

Debbie Kimberly, Vice President, Customer Energy Solutions; Danielle Murray, Solar Program Manager; Pat Sweeney, Director, Energy & Market Operations

21. Briefing and possible action regarding EPA’s proposed rules (i.e., “111d”).

Cheryl Mele, COO; Kathleen Garrett, Director, Environmental Services

NEW BUSINESS – NON-CONSENT ITEMS

22. Election of EUC Chair and Vice Chair, thru June 2015.

Motion to elect Osborne as Chair (Shaw); seconded (Fath); passed on a vote of 7-0.

Motion to elect Hadden as Vice Chair (Fath); seconded (Shaw); passed on a vote of 7-0.

23. Adoption of 2015 meeting schedule.

Motion to approve schedule (Fath); seconded (Hadden); with friendly amendment from Butler to change the December date to the 14th, passed on a vote of 7-0.

24. Presentation of Distinguished Service Award to Commissioner Linda Shaw

Council Member Morrison presented award.

25. Discussion regarding potential future agenda items (**PACE**)

ADJOURNMENT: Chair adjourned the meeting at 9:00 pm.

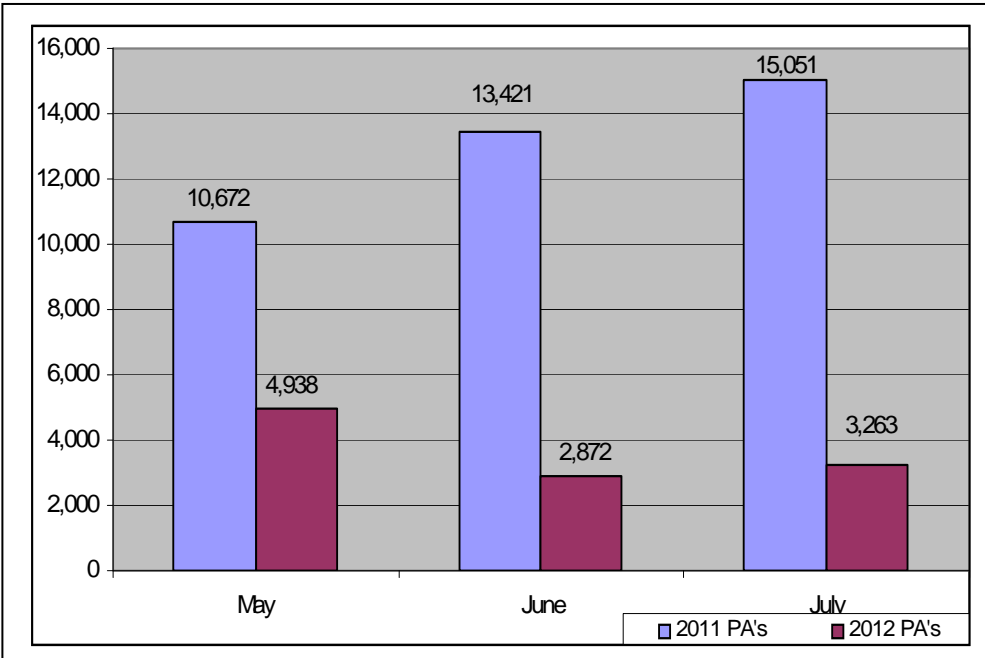


Monthly PA and Disconnect Report July 2012

Payment Agreements

| Month | 2011 PAs | 2012 PAs |
|---------------|-------------|-------------|
| May | 10,672 | 4,938 |
| June | 13,421 | 2,872 |
| July | 15,051 | 3,263 |
| Monthly Total | 39,144 | 11,073 |

Note: For July 2012 there was a 78% decrease in the number of PA's written compared to the number written in July 2011. Any differences in June and July could be attributed to the different reporting mechanisms in place after the CC&B conversion in October 2011.

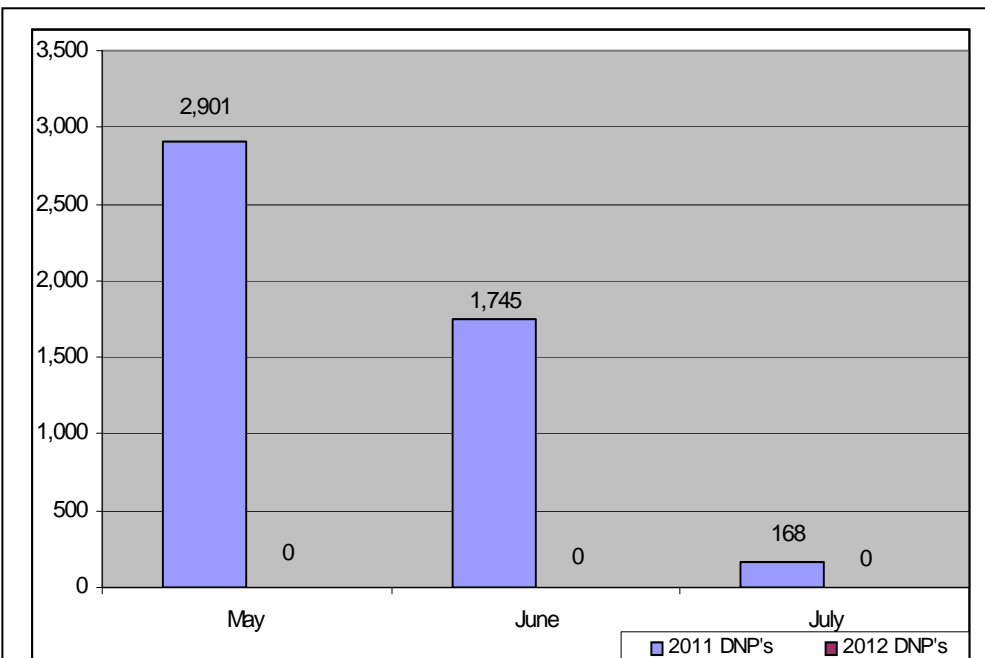


Residential Disconnections

| Month | 2011 Disconnects | 2012* Disconnects |
|---------------|---------------------|----------------------|
| May | 2,901 | 0 |
| June | 1,745 | 0 |
| July | 168 | 0 |
| Monthly Total | 4,814 | 0 |

*CC&B post conversion activities have resulted in a delay of collection activities resulting in no residential disconnects.

Medically Vulnerable Information: For the month of July 2012, 197 customers were identified as Medically Vulnerable; that number was 181 in July 2011. 0 accounts received 24 hour notices and 0 accounts were disconnected (site visits have commenced for all delinquent Medically Vulnerable customers as of July 2012). 290 requests were received for Medically Vulnerable status in July 2012; 199 requests were received for Medically Vulnerable status in July 2011.

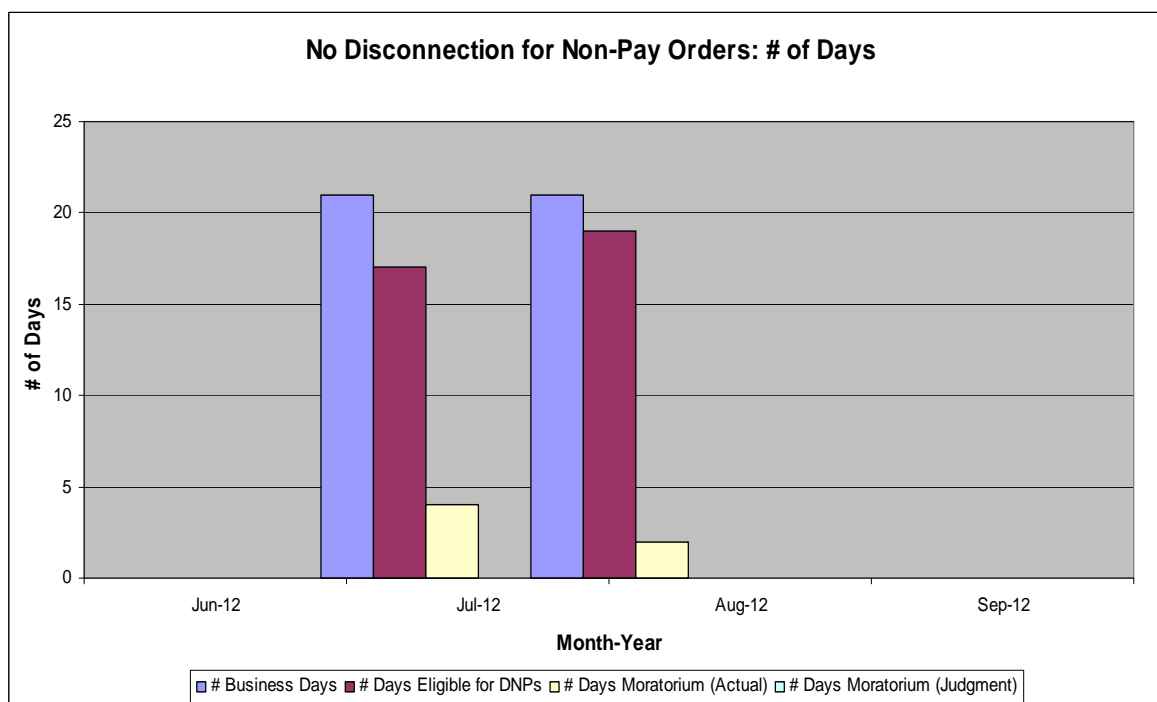




Summer Moratorium Information

Austin Energy has not disconnected for non-payment since July 1st, 2011 due to the combination of actual plus forecasted heat index during the record summer heat. Additionally, Austin Energy has not issued disconnections for non-payment since the new customer billing system conversion in October of 2011. For the month of July 2012, Austin Energy would have recorded a total of 19 business days eligible to create disconnect for non-payment (DNP) service orders. Austin Energy would have implemented the summer weather moratorium on only 2 days; July 30th and 31st.

| | # Business Days | # Days Eligible for DNP's | # Days Moratorium (Actual) | # Days Moratorium (Judgment) |
|--------|-----------------|---------------------------|----------------------------|------------------------------|
| Jun-12 | 21 | 17 | 4 | 0 |
| Jul-12 | 21 | 19 | 2 | 0 |
| Aug-12 | 23 | * | * | * |



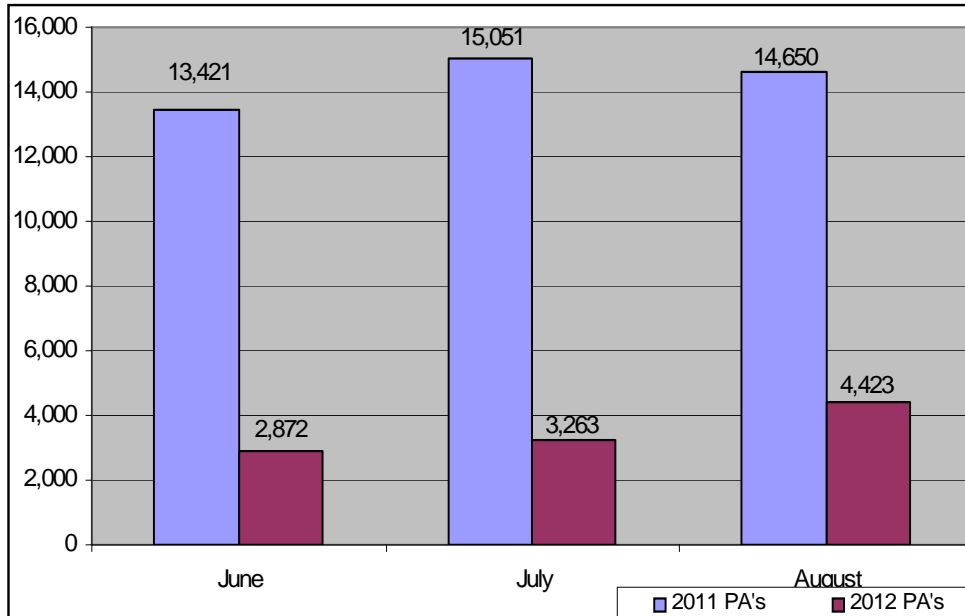


Monthly PA and Disconnect Report August 2012

Payment Agreements

| Month | 2011 PAs | 2012 PAs |
|---------------|-------------|-------------|
| June | 13,421 | 2,872 |
| July | 15,051 | 3,263 |
| August | 14,650 | 4,423 |
| Monthly Total | 43,122 | 10,558 |

Note: For August 2012 there was a 70% decrease in the number of PA's written compared to the number written in August 2011. Any differences in July and August could be attributed to the different reporting mechanisms in place after the CC&B conversion in October 2011.

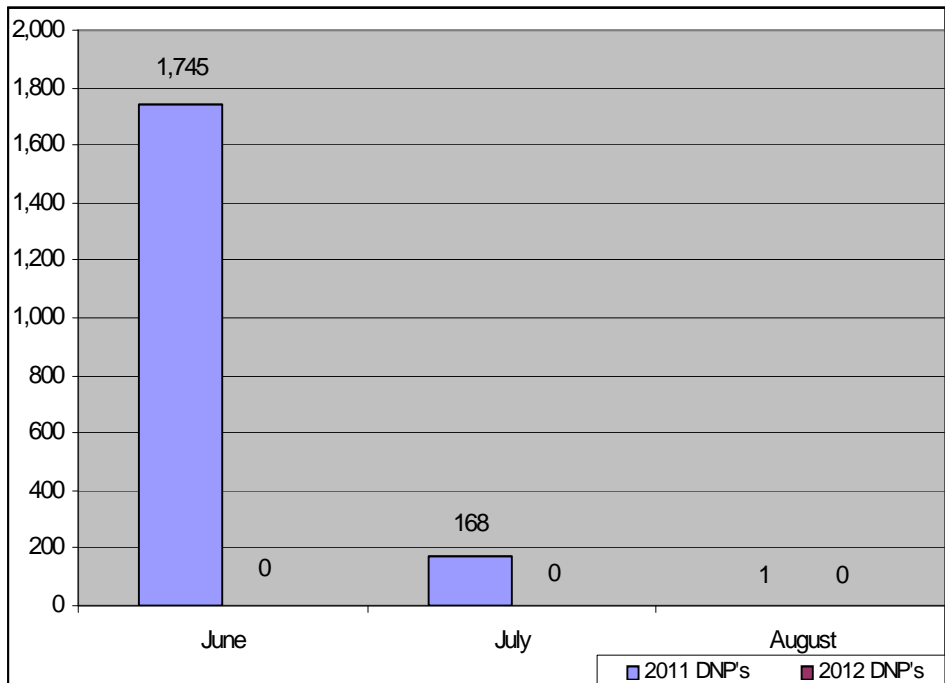


Residential Disconnections

| Month | 2011 Disconnects | 2012* Disconnects |
|---------------|---------------------|----------------------|
| June | 1,745 | 0 |
| July | 168 | 0 |
| August | 1 | 0 |
| Monthly Total | 1,914 | 0 |

*CC&B post conversion activities have resulted in a delay of collection activities and no residential disconnects.

Medically Vulnerable Information: For the month of August 2012, 197 customers were identified as Medically Vulnerable; that number was 201 in August 2011. 32 customers received site visits and 0 accounts were disconnected (site visits have commenced for all delinquent Medically Vulnerable customers as of August 2012). 235 requests were received for Medically Vulnerable status in August 2012; 330 requests were received for Medically Vulnerable status in August 2011.



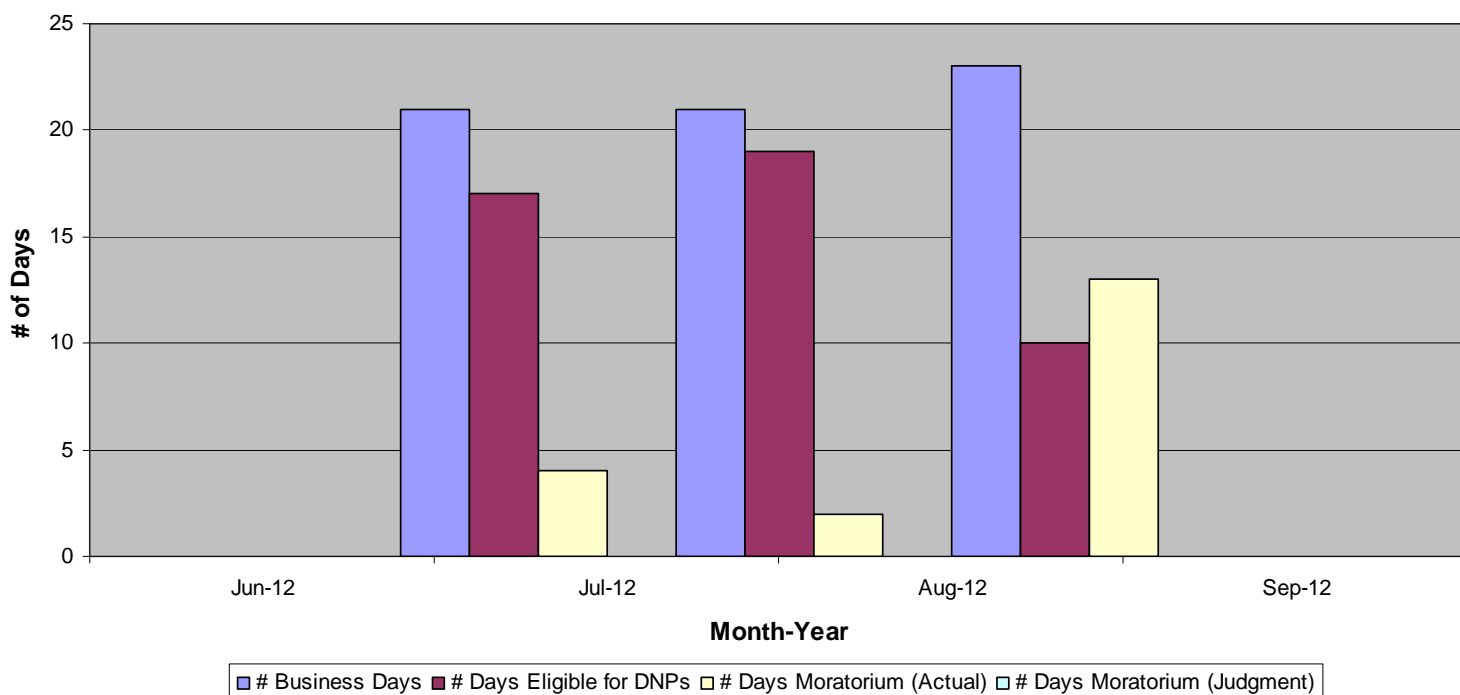


Summer Moratorium Information

Austin Energy has not disconnected for non-payment since July 1, 2011 due to the combination of actual plus forecasted heat index during the record summer heat. Additionally, Austin Energy has not issued disconnections for non-payment since the new customer billing system conversion in October of 2011. For the month of August 2012, Austin Energy would have recorded a total of 10 business days eligible to create disconnect for non-payment (DNP) service orders. Austin Energy would have implemented the summer weather moratorium for a total of 13 days.

| | # Business Days | # Days Eligible for DNPs | # Days Moratorium (Actual) | # Days Moratorium (Judgment) |
|--------|------------------------|---------------------------------|-----------------------------------|-------------------------------------|
| Jun-12 | 21 | 17 | 4 | 0 |
| Jul-12 | 21 | 19 | 2 | 0 |
| Aug-12 | 23 | 10 | 13 | 0 |

No Disconnection for Non-Pay Orders: # of Days



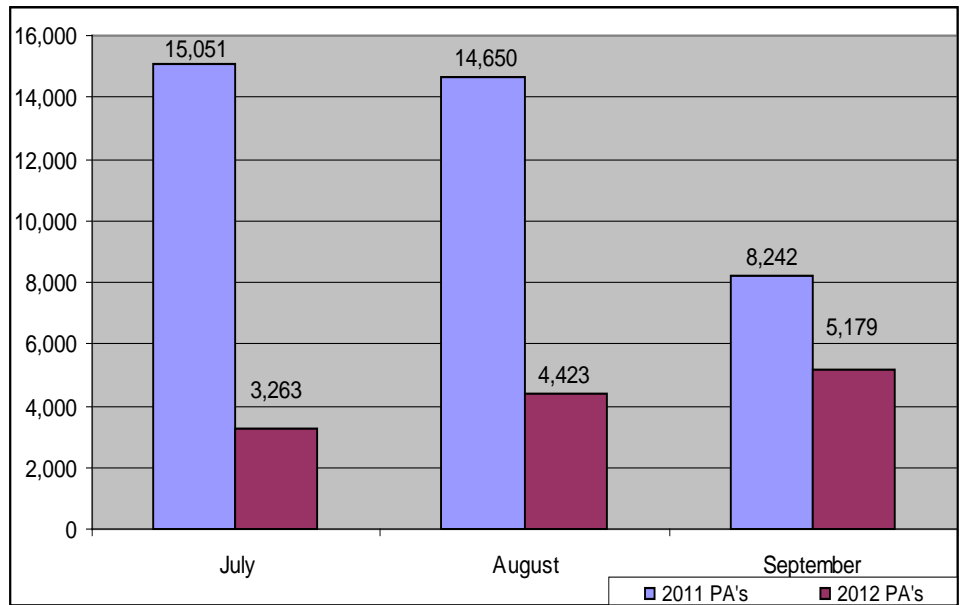


Monthly PA and Disconnect Report September 2012

Payment Agreements

| Month | 2011 PAs | 2012 PAs |
|---------------|-------------|-------------|
| July | 15,051 | 3,263 |
| August | 14,650 | 4,423 |
| September | 8,242 | 5,179 |
| Monthly Total | 37,943 | 12,865 |

Note: For September 2012 there was a 37% decrease in the number of PA's written compared to the number written in September 2011. Differences in August and September are attributed to the record heat in 2011.

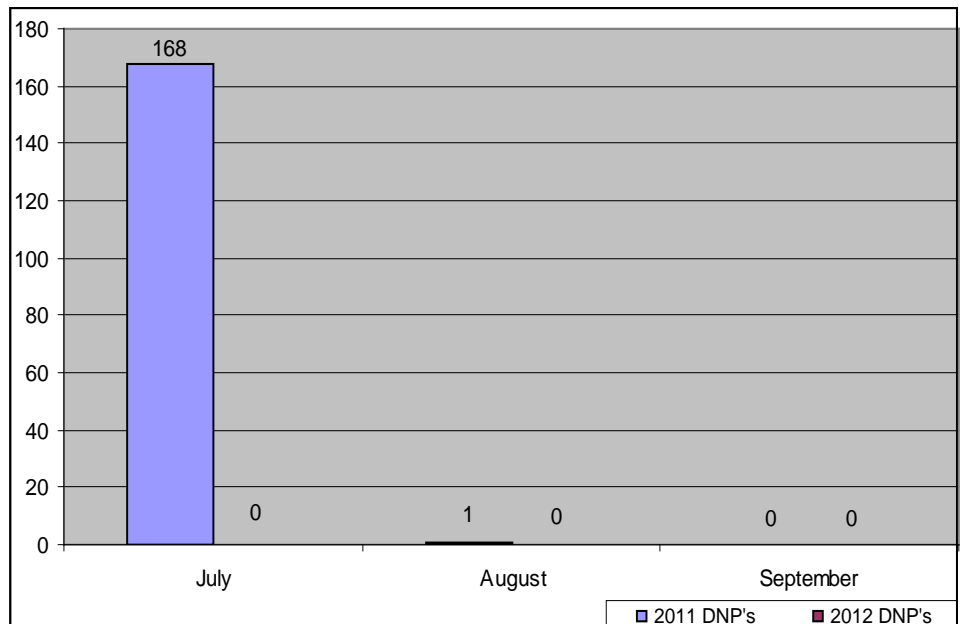


Residential Disconnections

| Month | 2011 Disconnects | 2012* Disconnects |
|---------------|---------------------|----------------------|
| July | 168 | 0 |
| August | 1 | 0 |
| September | 0 | 0 |
| Monthly Total | 169 | 0 |

*CC&B post conversion activities have resulted in a delay of collection activities resulting in no residential disconnects.

Medically Vulnerable Information: For the month of September 2012, 188 customers were identified as Medically Vulnerable; that number was 209 in September 2011. 16 accounts received site visits and 0 accounts were disconnected (site visits have commenced for all delinquent Medically Vulnerable customers as of August 2012). 212 requests were received for Medically Vulnerable status in September 2012; 167 requests were received for Medically Vulnerable status in September 2011.



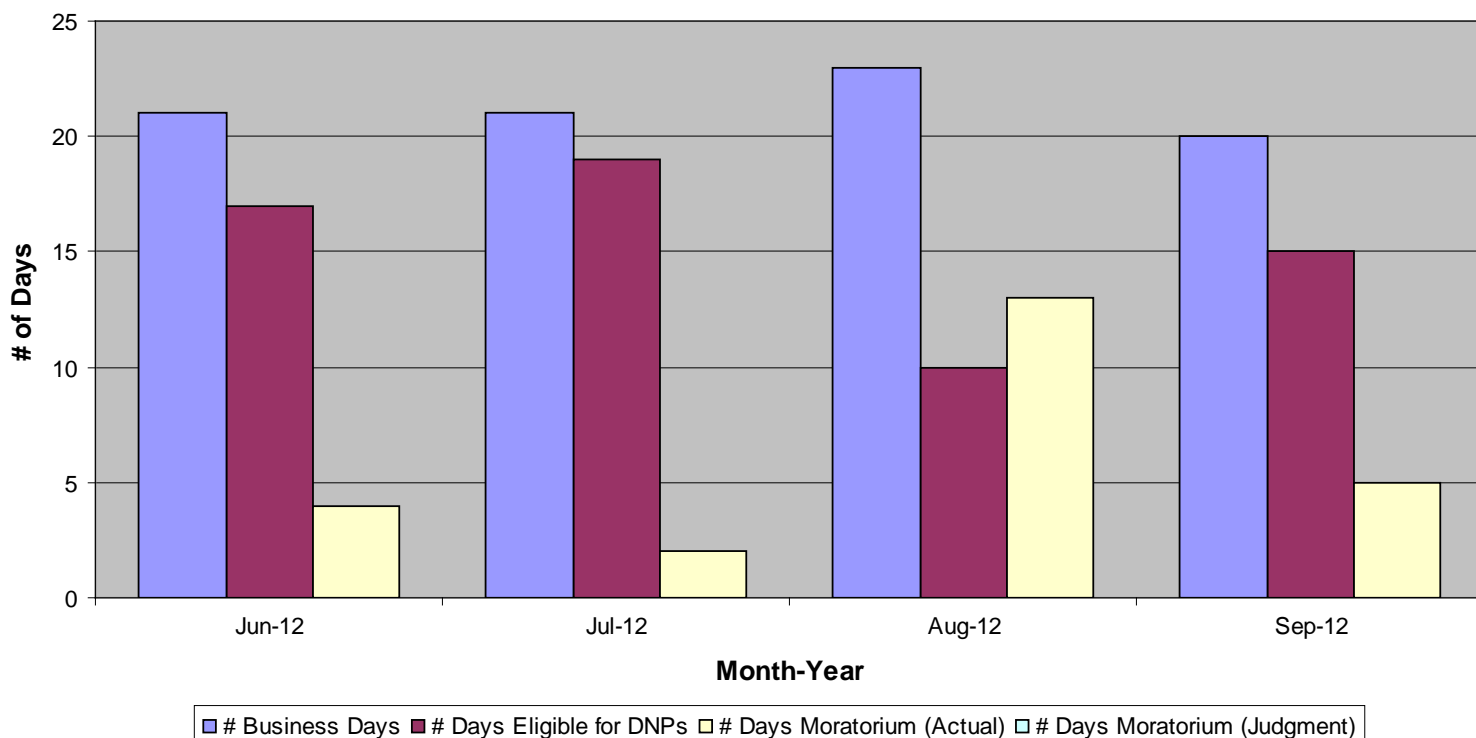


Summer Moratorium Information

Austin Energy has not disconnected for non-payment since July 1st, 2011 due to the combination of actual plus forecasted heat index during the record summer heat. Additionally, Austin Energy has not issued disconnections for non-payment since the new customer billing system conversion in October of 2011. For the month of September 2012, Austin Energy would have recorded a total of 15 business days eligible to create disconnect for non-payment (DNP) service orders. Austin Energy would have implemented the summer weather moratorium for a total of 5 days.

| | # Business Days | # Days Eligible for DNPs | # Days Moratorium (Actual) | # Days Moratorium (Judgment) |
|--------|-----------------|--------------------------|----------------------------|------------------------------|
| Jun-12 | 21 | 17 | 4 | 0 |
| Jul-12 | 21 | 19 | 2 | 0 |
| Aug-12 | 23 | 10 | 13 | 0 |
| Sep-12 | 20 | 15 | 5 | 0 |

No Disconnection for Non-Pay Orders: # of Days



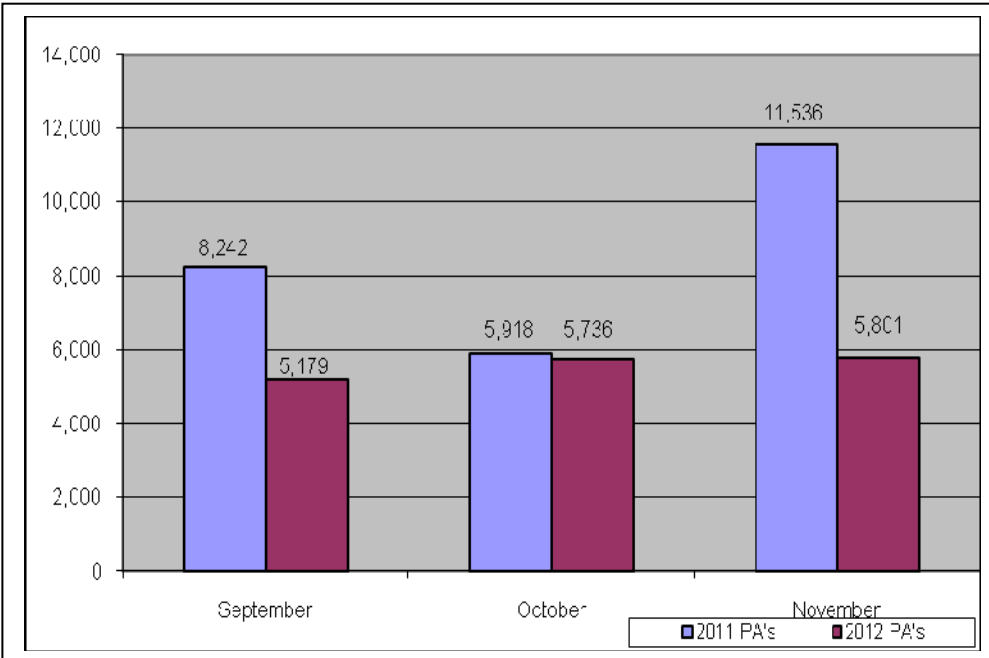


Monthly Payment Agreement and Disconnect Report November 2012

Payment Agreements

| Month | 2011 PAs | 2012 PAs |
|---------------|-------------|-------------|
| September | 8,242 | 5,179 |
| October | 5,918 | 5,736 |
| November | 11,536 | 5,801 |
| Monthly Total | 25,696 | 16,716 |

Note: For November 2012 there was a 50% decrease in the number of PA's written compared to the number written in November 2011. The difference in October and November are attributed to the record heat of 2011 and lack of active collections since CC&B conversion in October 2011.

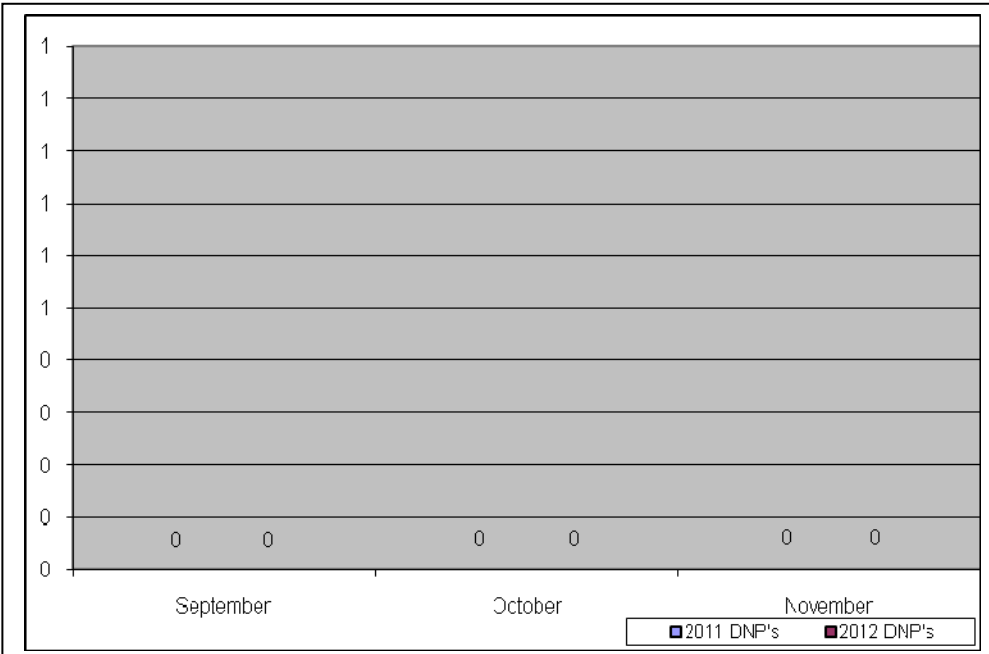


Residential Disconnections

| Month | 2011 Disconnects | 2012* Disconnects |
|---------------|---------------------|----------------------|
| September | 0 | 0 |
| October | 0 | 0 |
| November | 0 | 0 |
| Monthly Total | 0 | 0 |

*CC&B post conversion activities have resulted in a delay of collection activities resulting in no residential disconnects.

Medically Vulnerable Information: For the month of November 2012, 201 customers were identified as Medically Vulnerable; that number was 194 in November 2011. 32 accounts received site visits and 0 accounts were disconnected (site visits have commenced for all delinquent Medically Vulnerable customers as of August 2012). 187 requests were received for Medically Vulnerable status in November 2012; 112 requests were received for Medically Vulnerable status in November 2011.



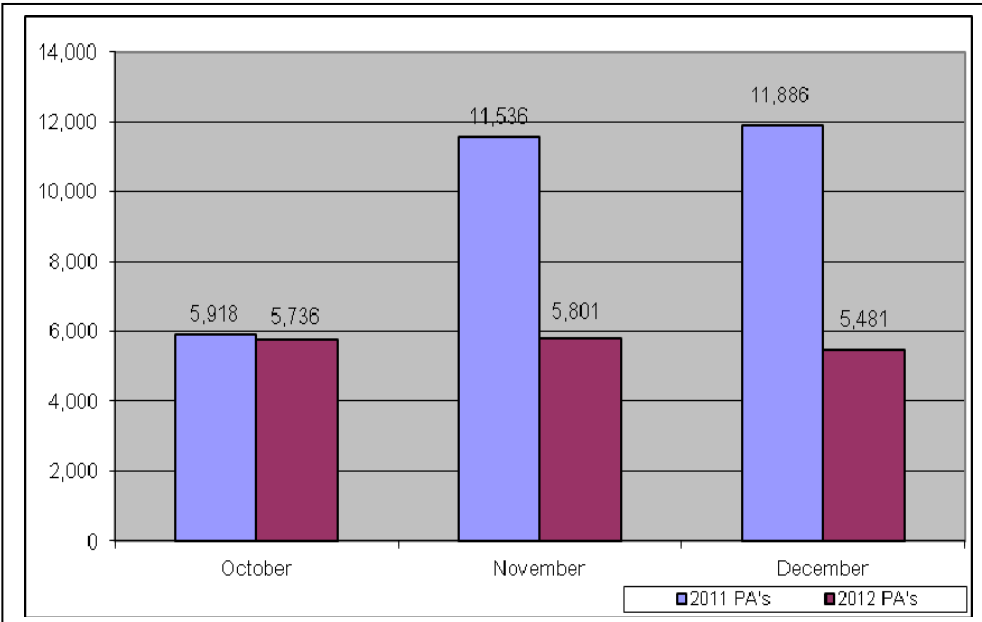


Monthly Payment Arrangements and Disconnections Report December 2012

Payment Arrangements

| Month | 2011 PAs | 2012 PAs |
|---------------|-------------|-------------|
| October | 5,918 | 5,736 |
| November | 11,536 | 5,801 |
| December | 11,886 | 5,481 |
| Monthly Total | 29,340 | 17,018 |

Note: For December 2012 there was a 54% decrease in the number of PA's written compared to the number written in December 2011. The difference in November and December are attributed to the lack of active collections since CC&B conversion in October 2011.

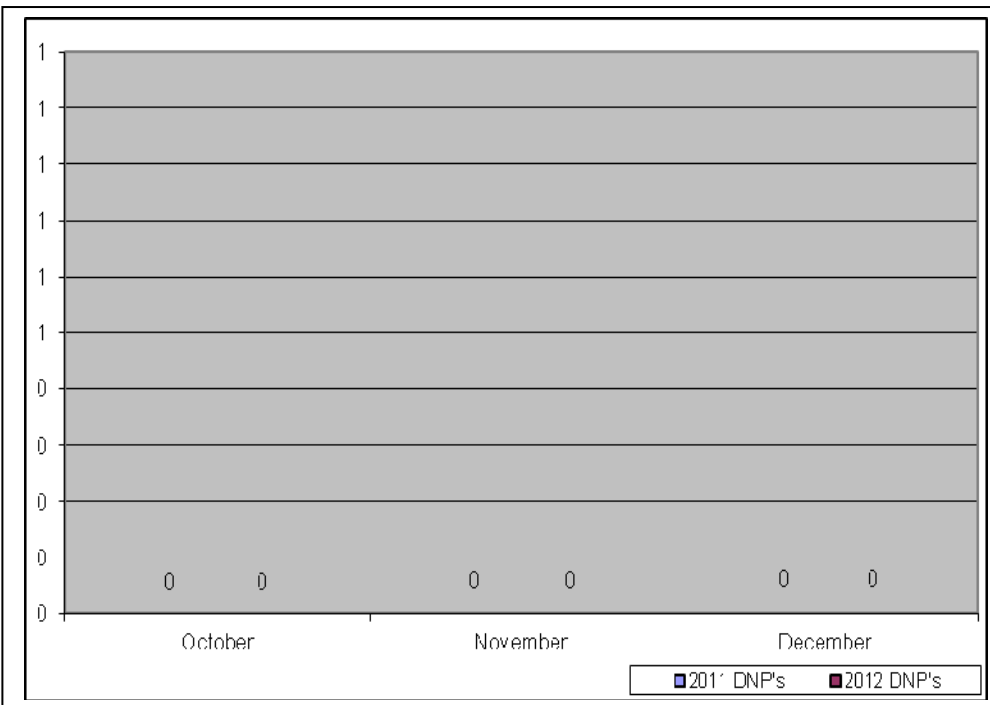


Residential Disconnections

| Month | 2011 Disconnects | 2012* Disconnects |
|---------------|---------------------|----------------------|
| October | 0 | 0 |
| November | 0 | 0 |
| December | 0 | 0 |
| Monthly Total | 0 | 0 |

*CC&B post conversion activities have resulted in a delay of collection activities resulting in no residential disconnects.

Medically Vulnerable Information: For the month of December 2012, 212 customers were identified as Medically Vulnerable; that number was 192 in December 2011. 21 accounts received site visits and 0 accounts were disconnected (site visits have commenced for all delinquent Medically Vulnerable customers as of August 2012). 96 requests were received for Medically Vulnerable status in December 2012; 111 requests were received for Medically Vulnerable status in December 2011.



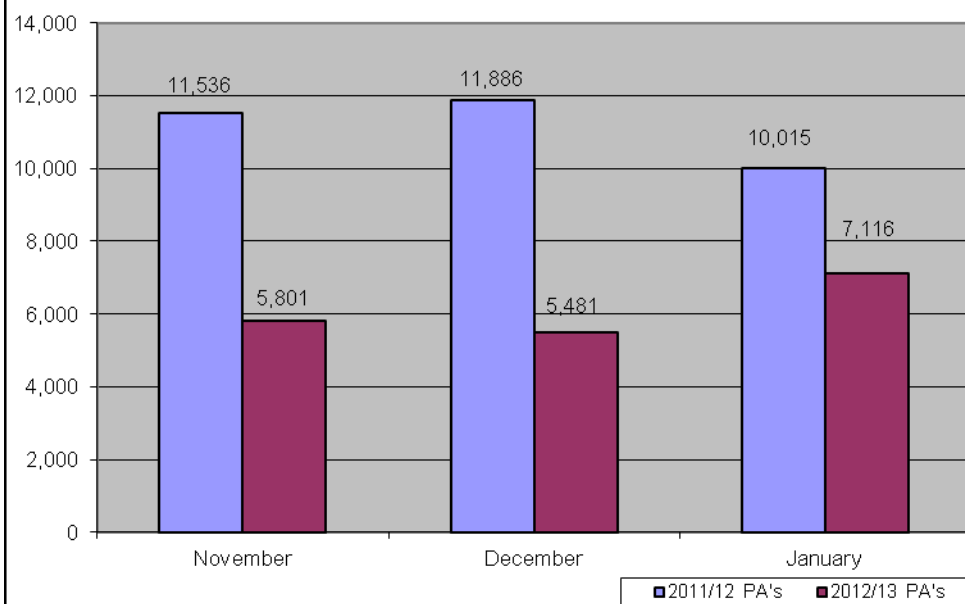


Monthly PA and Disconnect Report January 2013

Payment Agreements

| Month | 2011/12 PAs | 2012/13 PAs |
|---------------|----------------|----------------|
| November | 11,536 | 5,801 |
| December | 11,886 | 5,481 |
| January | 10,015 | 7,116 |
| Monthly Total | 33,437 | 18,398 |

Note: For January 2013 there was a 29% decrease in the number of PA's written compared to the number written in January 2012. The difference in 2012/13 and 2011/12 are attributed to the lack of active collections since CC&B conversion in October 2011.

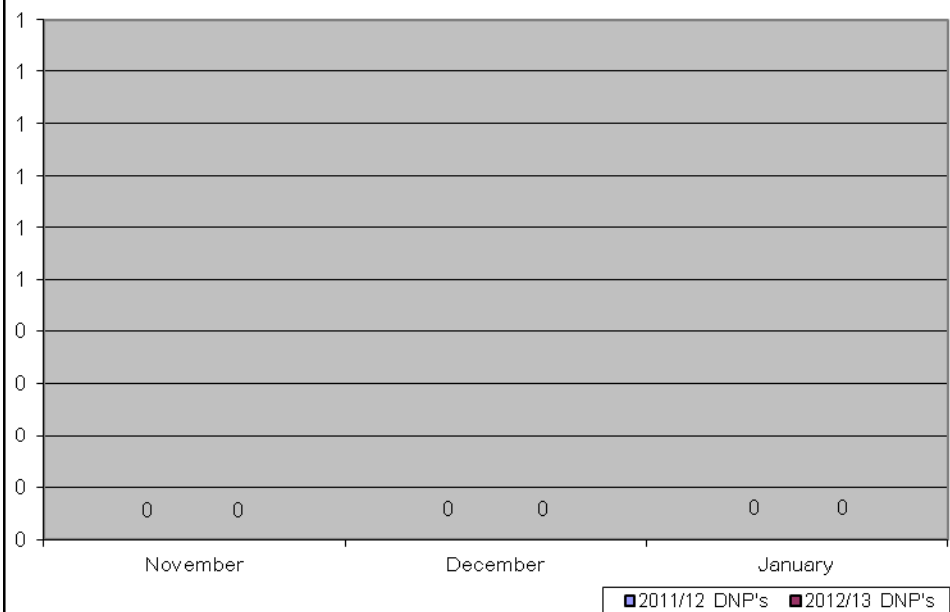


Residential Disconnections

| Month | 2011/12 Disconnects | 2012/13* Disconnects |
|---------------|------------------------|-------------------------|
| November | 0 | 0 |
| December | 0 | 0 |
| January | 0 | 0 |
| Monthly Total | 0 | 0 |

*CC&B post conversion activities have resulted in a delay of collection activities resulting in no residential disconnects.

Medically Vulnerable Information: For the month of January 2013, 206 customers were identified as Medically Vulnerable; that number was 187 in January 2012. 67 accounts received site visits and 0 accounts were disconnected (site visits have commenced for all delinquent Medically Vulnerable customers as of August 2012). 193 requests were received for Medically Vulnerable status in January 2013; 295 requests were received for Medically Vulnerable status in January 2012.



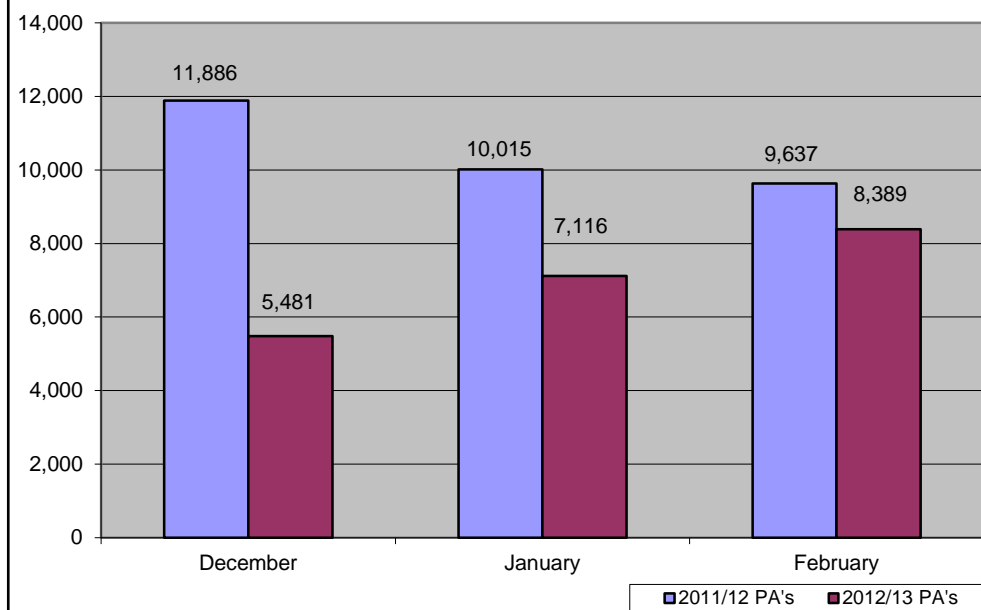


Monthly PA and Disconnect Report February 2013

Payment Agreements

| Month | 2011/12 PAs | 2012/13 PAs |
|---------------|----------------|----------------|
| December | 11,886 | 5,481 |
| January | 10,015 | 7,116 |
| February | 9,637 | 8,389 |
| Monthly Total | 31,538 | 20,986 |

Note: For February 2013 there was a 13% decrease in the number of PA's written compared to the number written in February 2012. The difference in 2012/13 and 2011/12 are attributed to the lack of active collections since CC&B conversion in October 2011.

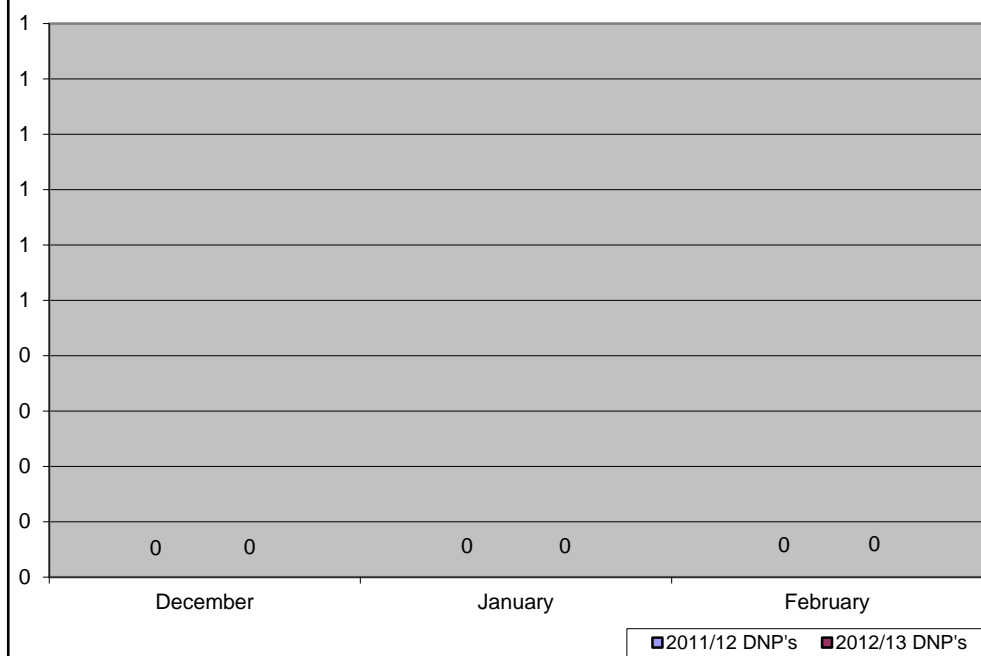


Residential Disconnections

| Month | 2011/12 Disconnects | 2012/13* Disconnects |
|---------------|------------------------|-------------------------|
| December | 0 | 0 |
| January | 0 | 0 |
| February | 0 | 0 |
| Monthly Total | 0 | 0 |

*CC&B post conversion activities have resulted in a delay of collection activities resulting in no residential disconnects.

Medically Vulnerable Information: For the month of February 2013, 212 customers were identified as Medically Vulnerable; that number was 195 in February 2012. 5 accounts received site visits and 0 accounts were disconnected (site visits have commenced for all delinquent Medically Vulnerable customers as of August 2012). 30 requests were received for Medically Vulnerable status in February 2013; 203 requests were received for Medically Vulnerable status in February 2012.





ELECTRIC UTILITY COMMISSION REGULAR MEETING MINUTES – Approved April 15, 2013 MARCH 18, 2013

The Electric Utility Commission (EUC) convened in a regularly scheduled meeting in the Shudde Fath Conference Room at 721 Barton Springs Road in Austin, Texas.

1. **CALL TO ORDER** – Chair Bernie Bernfeld called the meeting to order at 6:00 p.m.
Commissioners in attendance: Bernie Bernfeld, Chair; Karen Hadden, Vice Chair; Shudde Fath, Phillip Schmandt, Linda Shaw and Dr. Michael Webber. Steve Smaha was not present at the Call to Order, but arrived after approval of the consent items.
Staff in attendance: J. J. Gutierrez, David Wood, Alan Claypool, Mark Dreyfus, Ed Clark, Debbie Kimberly, Pat Alba, Jeff Vice, Fred Yebra, Scott Jarman, Richard Morgan, Don Judd, Mercedes Sanchez, Cathy Foster, Jeanie Doty and Toye Goodson Collins of Austin Energy; and Yolanda Miller and Shawn Willett of the Purchasing Department.
2. **APPROVAL OF MINUTES** – **The minutes from the meeting of February 25, 2013 were approved, on Commissioner Fath's motion, Commissioner Shaw's second, on a 6-0 vote.**
3. **CITIZEN COMMUNICATIONS**
There were no speakers.

NEW BUSINESS – CONSENT ITEMS

Commissioners pulled Items 4-11, 16, 18, and 20-23 for discussion and recommended approval of Items 12-15, 17, 19, and 24-26 on consent.

4. Authorize negotiation and execution of an agreement with Pflugerville Independent School District to provide a performance-based incentive for the generation of solar energy at Connally High School located at 13212 N. Lamar, Austin, Texas 78753, for an estimated \$25,960 per year, for a total amount not to exceed \$259,600 over a 10-year period. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Smaha, passed on a vote of 7-0.**
5. Authorize negotiation and execution of an agreement with Pflugerville Independent School District to provide a performance-based incentive for the generation of solar energy at Copperfield Elementary School located at 12135 Thompkins Drive, Austin, Texas 78753, for an estimated \$26,325 per year, for a total amount not to exceed \$263,250 over a 10-year period. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Smaha, passed on a vote of 7-0.**
6. Authorize negotiation and execution of an agreement with Pflugerville Independent School District to provide a performance-based incentive for the generation of solar energy at Delco Primary School located at 12900-A Dessau Road, Austin, Texas 78754, for an estimated \$36,824 per year, for a total amount not to exceed \$368,240 over a 10-year period. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Smaha, passed on a vote of 7-0.**
7. Authorize negotiation and execution of an agreement with Pflugerville Independent School District to provide a performance-based incentive for the generation of solar energy at Dessau Elementary School located at 1501 Dessau Ridge Lane, Austin, Texas 78754, for an estimated \$41,897 per year, for a total amount not to exceed \$418,970 over a 10-year period.

8. Authorize negotiation and execution of an agreement with Pflugerville Independent School District to provide a performance-based incentive for the generation of solar energy at Dessau Middle School located at 12900 Dessau Road, Austin, Texas 78754, for an estimated \$26,217 per year, for a total amount not to exceed \$262,170 over a 10-year period. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Smaha, passed on a vote of 7-0.**
9. Authorize negotiation and execution of an agreement with Pflugerville Independent School District to provide a performance-based incentive for the generation of solar energy at Parmer Lane Elementary School located at 1806 Parmer Lane, Austin, Texas 78727, for an estimated \$26,107 per year, for a total amount not to exceed \$261,070 over a 10-year period. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Smaha, passed on a vote of 7-0.**
10. Authorize negotiation and execution of an agreement with Pflugerville Independent School District, to provide a performance-based incentive for the generation of solar energy at River Oaks Elementary School located at 12401 Scofield Farms Drive, Austin, Texas 78758, for an estimated \$43,040 per year, for a total amount not to exceed \$430,400 over a 10-year period. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Smaha, passed on a vote of 7-0.**
11. Authorize negotiation and execution of an agreement with Pflugerville Independent School District to provide a performance-based incentive for the generation of solar energy at Ruth Barron Elementary School located at 14850 Harris Ridge Blvd., Pflugerville, Texas 78660, for an estimated \$47,075 per year, for a total amount not to exceed \$470,750 over a 10-year period. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Smaha, passed on a vote of 7-0.**
12. Authorize negotiation and execution of an agreement with Pflugerville Independent School District to provide a performance-based incentive for the generation of solar energy at their Support Services facility located at 2021 Crystal Bend, Pflugerville, Texas 78660, for an estimated \$48,061 per year, for a total amount not to exceed \$480,610 over a 10-year period. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Webber, passed on consent on a vote of 6-0.**
13. Authorize negotiation and execution of an agreement with Pflugerville Independent School District to provide a performance-based incentive for the generation of solar energy at Weiland Elementary School located at 900 Tudor House Road, Pflugerville, Texas 78660, for an estimated \$42,483 per year, for a total amount not to exceed \$424,830 over a 10-year period. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Webber, passed on consent on a vote of 6-0.**
14. Authorize negotiation and execution of an agreement with Pflugerville Independent School District, to provide a performance-based incentive for the generation of solar energy at Westview Middle School located at 1805 Scofield Lane in Pflugerville, Texas, for an estimated \$36,202 per year, for a total amount not to exceed \$362,020 over a 10-year period. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Webber, passed on consent on a vote of 6-0.**

15. Approve issuance of a rebate to Sravanthi Limited Partnership for performing comprehensive energy efficiency upgrades at Whisper Hollow Apartments located at 3300 Parker Lane, Austin, Texas, 78741 in an amount not to exceed \$134,000. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Webber, passed on consent on a vote of 6-0.**
16. Authorize negotiation and execution of 24-month agreements with ecobee, EnergyHub, and other thermostat vendors who qualify for participation in Austin Energy's Power Partner Program, a demand response program involving start-up incentives and thermostat data access, for a combined total amount not to exceed \$950,000 over the 24-month period. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Smaha, passed on a vote of 7-0.**
17. Authorize award, negotiation, and execution of a 60-month requirements service contract with FRONTIER ASSOCIATES LLC. to provide hosting, support, upgrades and technical project enhancements and training for the Green Building Online Rating System for Austin Energy in an estimated amount not to exceed \$304,460. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Webber, passed on consent on a vote of 6-0.**
18. Authorize execution of change order #4 to the construction contract with TEXAS SOLAR POWER COMPANY (MBE/MH-96.30%) for the restoration of a solar array at the Decker Creek Power Station in the amount of \$53,872.45, for a total contract amount not to exceed \$1,056,370.25. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Smaha, passed on a vote of 7-0.**
19. Approve ratification of a contract with KOBELCO COMPRESSORS AMERICA, INC., for the repair of two lube oil heat exchangers for the LM6000 natural gas compressors at the Sand Hill Energy Center for Austin Energy in an amount not to exceed \$221,900. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Webber, passed on consent on a vote of 6-0.**
20. Authorize award, negotiation, and execution of a 12-month requirements service contract with CORIX UTILITIES, or the other qualified offeror to RFP No. OPJ0103, to provide manual meter reading and other related services for Austin Energy, in an estimated amount not to exceed \$3,600,000, with four 12-month extension options in an estimated amount not to exceed \$3,600,000 per extension option, for a total estimated contract amount not to exceed \$18,000,000. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Smaha, passed on a vote of 7-0.**
21. Authorize award and execution of Amendment No. 1 to various supply and service contracts through the STATE OF TEXAS DEPARTMENT OF INFORMATION RESOURCES (DIR) cooperative purchasing program for the purchase of computer, telephone, and network hardware and related maintenance services to increase the authority for Austin Energy in an estimated amount not to exceed \$1,025,000, for a revised estimated authorization amount for Austin Energy not to exceed \$10,495,191. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Smaha, passed on a vote of 7-0.**

22. Authorize award and execution of Amendment No. 1 to various supply and service contracts through the STATE OF TEXAS DEPARTMENT OF INFORMATION RESOURCES (DIR) cooperative purchasing program for the purchase of computer software and software maintenance and support services to increase the authority for Austin Energy in an estimated amount not to exceed \$120,000, for a revised estimated authorization amount for Austin Energy not to exceed \$9,230,190. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Smaha, passed on a vote of 7-0.**
23. Authorize award and execution of Amendment No. 1 to various service contracts through the STATE OF TEXAS DEPARTMENT OF INFORMATION RESOURCES (DIR) cooperative purchasing program for the purchase of technology services and support to increase the authority for Austin Energy in an estimated amount not to exceed \$5,445,158, for a revised estimated authorization amount for Austin Energy not to exceed \$15,529,998. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Smaha, passed on a vote of 7-0.**
24. Authorize award and execution of a contract with QUANTA TECHNOLOGY, LLC, or one of the other qualified offerors to RFP No. DKC0036, to provide assessment of North American Electric Reliability Corporation compliance documentation and evidence for Austin Energy in an estimated amount not to exceed \$68,000. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Webber, passed on consent on a vote of 6-0.**
25. Authorize award and execution of a 36-month requirements service contract with the NATIONAL STANDARDS AUTHORITY OF IRELAND, INC. (NSAI) for ISO 9001 quality management registration and surveillance audit services for Austin Energy in an amount not to exceed \$137,175, with one 36-month extension option in an amount not to exceed \$137,175, for total contract amount not to exceed \$274,350. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Webber, passed on consent on a vote of 6-0.**
26. Authorize award, negotiation, and execution of a 24-month requirements service contract with LANGUAGE & CONTENT SERVICES, or one of the other qualified offerors to RFP No. TVN0019, to provide Spanish translation services in an estimated amount not to exceed \$140,000, with two 12-month extension options in an estimated amount not to exceed \$70,000 per extension option, for a total estimated contract amount not to exceed \$280,000. (Note: This is a shared contract among City departments; AE's share is 16%.) **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Webber, passed on consent on a vote of 6-0.**

STAFF BRIEFING & REPORTS

27. Green Purchasing Policies Briefing by Yolanda Miller, Purchasing Department.
28. Financial Report by Cathy Foster, Acting Director, Corporate Accounting & Rates.
29. Disconnection & Reconnection Fees Update by J.J. Gutierrez, Vice President, Customer Care. Following the briefing, the Commission invited speakers on the topic. Carol Biedrzycki of Texas ROSE provided suggestions and offered a list of questions. Commissioner Smaha suggested that Ms. Biedrzycki submit her questions to Austin Energy staff.

NEW BUSINESS

30. Provide input on the content of the 2012 Austin Energy Performance Report (the 2011 report is at <http://www.austinenergy.com/About%20Us/Newsroom/Reports/index.htm>). Ms. Biedrzycki addressed the Commission, offering suggestions for the FY 2012 report.

OLD BUSINESS

31. Discussion and acceptance of the Electric Utility Commission's Annual Internal Review and Report, per Section 2-1-46 of the City Code. **The motion to approve the report with minor corrections, by Chair Bernfeld and seconded by Commissioner Fath, passed on a vote of 7-0.** The staff liaison will submit the report to the City Clerk by March 31.

FUTURE AGENDA ITEMS

32. Request agenda items, including information related to the Upcoming Procurements Report – Vice Chair Hadden and Commissioner Smaha requested that the Sustainability Officer provide a briefing about the green purchasing policies in April. Vice Chair Hadden requested frequent updates on the South Texas Project. Commissioner Fath requested a discussion of capital recovery (hook-up) fees in June. Commissioner Schmandt requested a discussion about water meter disconnections in April.
33. **ADJOURN** – Chair Bernfeld adjourned the meeting at 8:10 p.m. without objection.



MEMORANDUM

TO: Electric Utility Commission

CC: Larry Weis, Austin Energy General Manager

FROM: Kerry Overton, Austin Energy, Deputy General Manager Shared Services
Jawana JJ Gutierrez, Austin Energy, Vice President Customer Care

DATE: March 18, 2013

SUBJECT: Utility Customer Connection and Disconnection Update

Over the past several years Austin Energy has implemented several technologies that impact the utility customer connection and disconnection process; some of which include the Mobile Workforce Management (MWM) system, the Customer Care and Billing System (CC&B), and Automated Metering Infrastructure (AMI). This memo will provide an update on the connection and disconnection process changes made to date, as well as anticipated changes to these processes in the future.

Background

Prior to 2003 the process to connect and disconnect customers was completely manual. In 2003 the MWM system and ~100,000 automated meters were implemented to help streamline this process by optimizing the delivery of field orders and reducing the number of manual reads. In 2008 we began full deployment of an AMI that would provide capability for 2-way metering allowing for direct communication with the meters. Currently there are more than 424,000 automated meters in our service territory. In our network we have installed two types of meters; the FOCUS AL (\$30) meter which provides consumption information via the AMI network, and the FOCUS AX-SD meter (\$135) which is a more feature rich meter that allows for remote connection and disconnection. As of today, there are about 20,000 AX-SD meters deployed throughout our service territory. The remote connect and disconnect process for the AX-SD meter has not been activated at this time. Installation of vendor software and successful acceptance testing must be performed in order to remotely connect and disconnect over the vendor's proprietary AMI network. We plan to implement the AMI software in 2014.

Q&A

1. What is our connection and disconnection policy?

Customers who are requesting a new service will pay a one-time \$20 initiation fee. New services are turned on within 24 hours of the confirmed request. Customers who are

disconnected and request reconnection will pay a \$25 re-initiation fee. Customers will be reconnected within 24 hours of the received confirmation for full payment or payment installment. If the customer would like same-day reconnection, an additional fee of \$55 is assessed and guarantees the service is reconnected by the end of the day. Although we have not disconnected customers since 2011, data from that year shows that 61% of the customers who request reconnection also requested the same day service. In 2010, 81% of the customers requested same day service.

2. How has the connection and disconnection process changed since AMI and CC&B were implemented?

The procedural steps of the connection and disconnection process have remained the same. However, automation and system integration have streamlined these steps. For example, the billing system is now integrated with the MWM so that field orders are automatically routed between the systems, shortening the process duration by two days. In addition, the implementation of CC&B allows us to make improvements to the collections process that will ultimately shorten the disconnection cycle by 12 days. Once this improvement is fully implemented, customers with difficulty paying will be helped sooner to avoid the buildup of large account balances.

3. What is the status of the Fee Analysis Study performed by Austin Energy?

Austin Energy performs an analysis of the fees associated with the utility during the annual budgeting process. In preparation for the 2013 budget, the analysis of the fees was deferred due to the amount of effort required for the rate analysis and implementation. A new analysis will be conducted in conjunction with the FY2014 budget development.

Summary

There will be strategic implementation of the advanced AX-SD meters over the next several years. At an additional \$100 per meter, it would be cost prohibitive to change out all of the remaining 400,000 meters. Also, not every customer will require the advanced features of the AX-SD meter. We anticipate gradually changing out the existing meter to the more advanced meter as the business need requires.

Austin Energy will evaluate the costs of service for the connection and disconnection processes during the 2014 budget development process. We will continue to reevaluate the fees associated with these processes each year as the number of deployed advance meters increase and the remote capabilities are utilized.

Please let me know if you have additional questions. I can be reached at 322-6113.



MEMORANDUM

TO: Members of the Electric Utility Commission
FROM: Jawana Gutierrez, Vice President Customer Care
COPY: Larry Weis, General Manager
Kerry Overton, Deputy General Manager
DATE: April 15, 2013
SUBJECT: Response to Questions Regarding Disconnection Process

Below please find responses to questions raised at your last meeting by Carol Biedrzycki regarding customer disconnection processes.

Question 1:

What is the average turn-around time for reconnecting a customer's service after a disconnection for nonpayment? It would be helpful to know: a) the average time lag from when the customer makes the payment to AE being notified that the payment is made and b) the time lag between AE being notified of the payment and the reconnection of service for the customer.

Response:

Customers who are reconnecting service after a disconnection for nonpayment will be reconnected once the utility receives notification of payment no later than the following day. If a customer elects to pay a same-day reconnection fee, the customer's service will be reconnected before 10:00pm on the day payment is received. We currently do not keep statistics of the duration from the time a payment is received and the reconnection occurs and therefore cannot provide the average.

Question 2:

What are the time lines for disconnecting a customer's service for nonpayment of electricity and water?

Response:

If payment has not been received the customer will receive a delinquent notification approximately 5 days after the due date on the bill. If not resolved, the customer will receive a 24-hour notice approximately 28 days after the bill due date. Finally the customer's services will be disconnected 30 days after the due date, if payment has not been received or a payment arrangement has not been initiated.

Question 3:

According to a March 15 memo to the EUC about CORIX Meter Reading Contract Agenda Item 20, a third-party contractor reads meters for Austin Energy and the Water Utility. Does this same third party carry out disconnections and reconnections? If not, please explain who performs disconnections for each of the utilities.

Response:

No, CORIX the third party vendor does not disconnect services for Austin. This vendor does deliver the 24-hour notices. Austin Energy staff, Meter Service Representatives, perform disconnections and reconnections for both water and electric utilities.

Question 4:

Is it usual or unusual for a customer's electricity and water to be disconnected and reconnected at the same time? How many customers have only electricity disconnected? How many have only water disconnected?

Response:

Our general business rule is to disconnect or reconnect electric and water at the same time.

Question 5:

Are water customers charged fees for reconnection of service? What is the amount of each fee? (Please provide a schedule of fees.)

Response

There is no separate fee for water reconnections. There is one fee of \$25 that covers both the electric and water reconnection of services.

Question 6:

In regard to water reconnections what is the average turnaround time as described for the electric utility in question 1.

Response:

Both water and electric reconnections are performed at the same time, thus the turnaround time is the same as described in the response to Question 1.

Question 7:

What is the protocol followed in applying a customer's partial payment to the balance due on a City of Austin bill for electricity and water?

Response:

When a customer partially pays the utility bill, the payment amount is allocated proportionately across each utility based on each utility's billed amount.

The Utility Service Regulations (City Code Section 15-9) which govern the disconnection and reconnections process are included in your Resource Manual (Tab 6) and available at: <http://www.amlegal.com/austin> (See Section 15-9). I will be happy to answer any additional questions you may have regarding this topic.



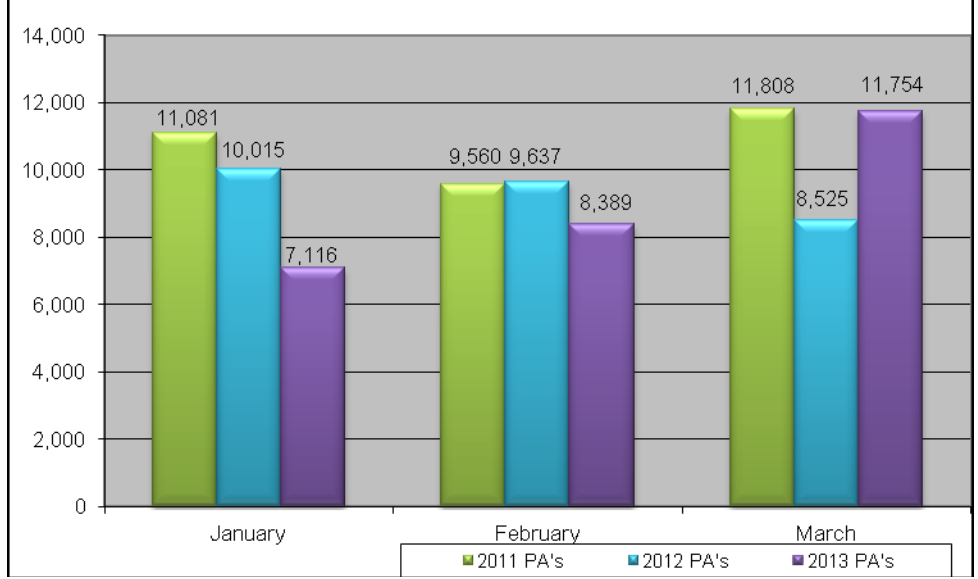
Monthly PA and Disconnect Report March 2013

Payment Arrangement

| Month | 2011 PAs | 2012 PAs | 2013 PAs |
|------------------|-------------|-------------|-------------|
| January | 11,081 | 10,015 | 7,116 |
| February | 9,560 | 9,637 | 8,389 |
| March | 11,808 | 8,525 | 11,754 |
| Monthly Total | 32,449 | 28,177 | 27,259 |

Note: For March 2013 there was a 38% increase in the number of PA's written compared to the number written in March 2012. The number of PA's have now reached levels similar to pre-CCB numbers.

April/May collection activity will include delivery of 24 hour notices and limited residential disconnections, which will continue to increase PA participation.

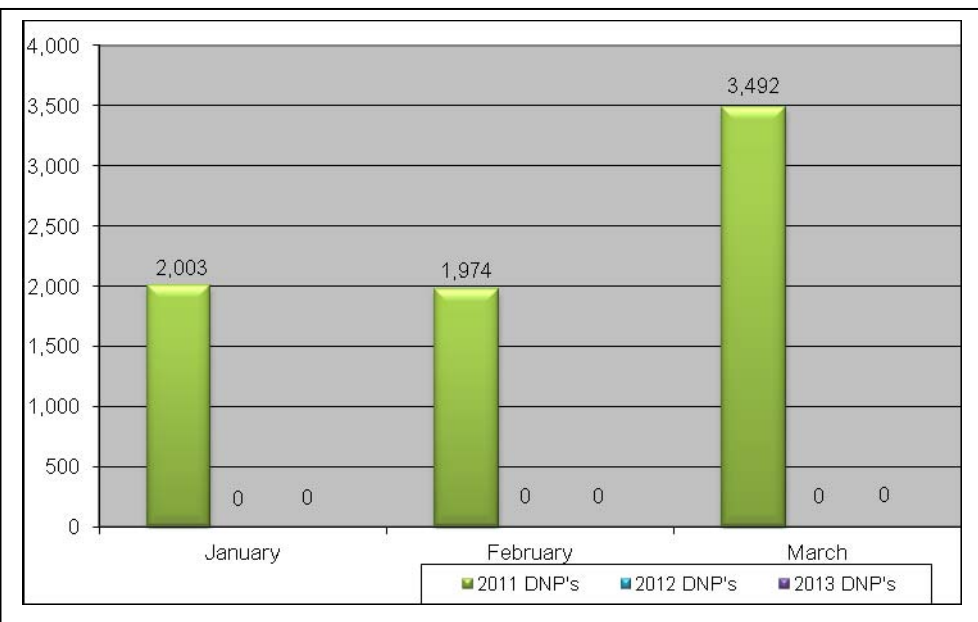


| Month | 2011 DNP | 2012 DNP | 2013 DNP |
|------------------|-------------|-------------|-------------|
| January | 2,003 | 0 | 0 |
| February | 1,974 | 0 | 0 |
| March | 3,492 | 0 | 0 |
| Monthly Total | 7,469 | 0 | 0 |

We plan to resume collection activities and disconnections at the end of April 2013.

Medically Vulnerable Information: For the month of March 2013, 236 customers were identified as Medically Vulnerable; that number was in March 2012. 5 accounts received site visits and 0 accounts were disconnected (site visits have commenced for all delinquent Medically Vulnerable customers as of August 2012). 25 requests were received for Medically Vulnerable status in March 2013; 6 Requests were received for Medically Vulnerable status in March 2012.

Residential Disconnections





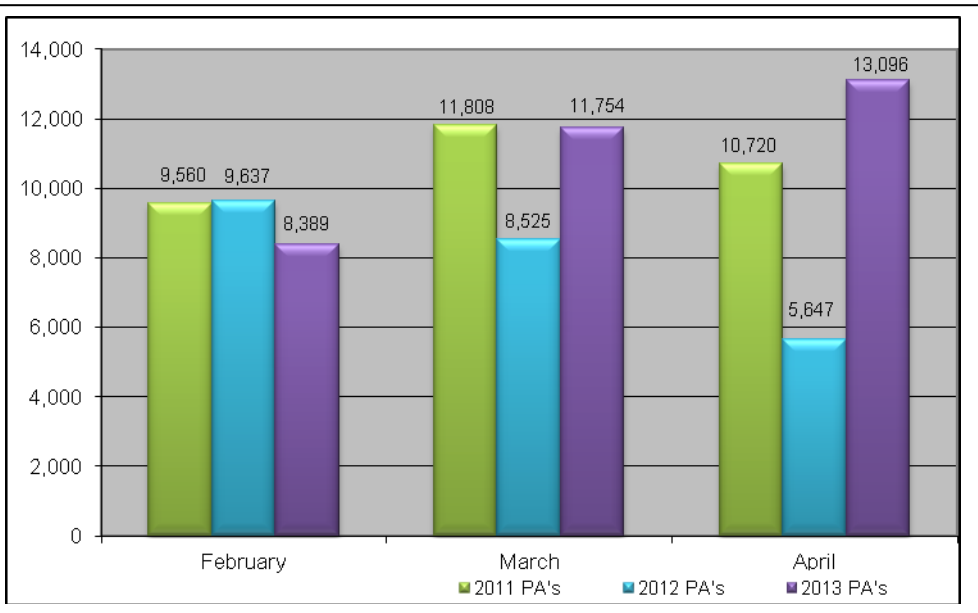
Monthly Payment Arrangement and Disconnect Report April 2013

Payment Arrangements (PAs)

| Month | 2011 PA | 2012 PA | 2013 PA |
|------------------|------------|------------|------------|
| February | 9,560 | 9,637 | 8,389 |
| March | 11,808 | 8,525 | 11,754 |
| April | 10,720 | 5,647 | 13,096 |
| Monthly Total | 32,088 | 23,809 | 33,239 |

Note: For April 2013 there was a 132% increase in the number of PAs written compared to the number written in April 2012. The number of PAs has now reached levels similar to pre-CCB numbers.

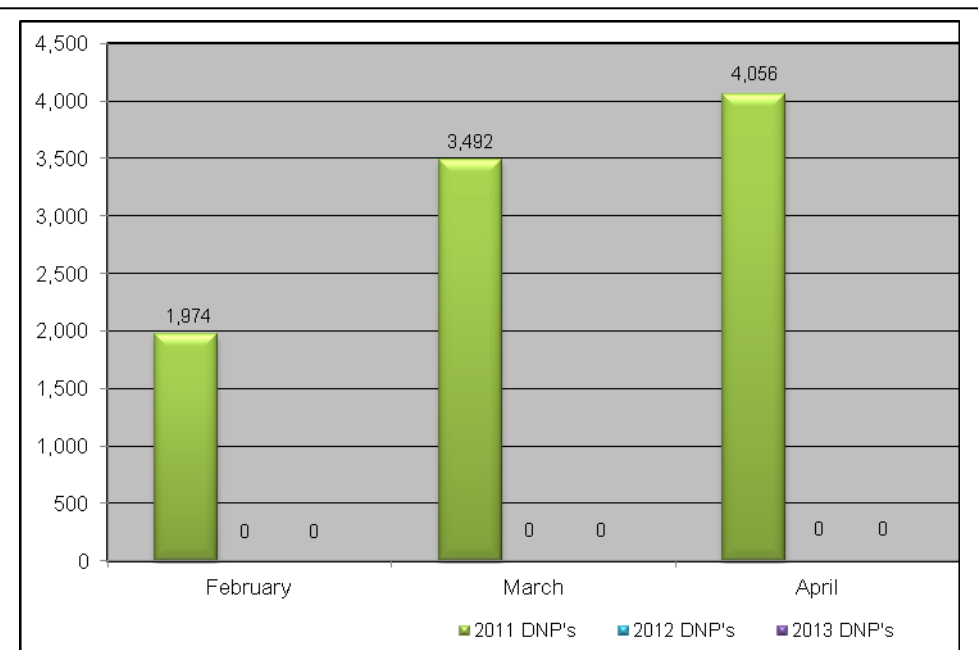
April/May collection activity will include delivery of 24 hour notices and limited residential disconnections, which will continue to increase PA participation.



| Month | 2011 DNP | 2012 DNP | 2013 DNP |
|------------------|-------------|-------------|-------------|
| February | 1,974 | 0 | 0 |
| March | 3,492 | 0 | 0 |
| April | 4,056 | 0 | 0 |
| Monthly Total | 9,522 | 0 | 0 |

Residential Disconnections

Medically Vulnerable Information: For the month of April 2013, 224 customers were identified as Medically Vulnerable; that number was 189 in April 2012. 15 accounts received site visits and 0 accounts were disconnected (site visits have commenced for all delinquent Medically Vulnerable customers as of August 2012). 27 requests were received for Medically Vulnerable status in April 2013; 62 requests were received for Medically Vulnerable status in April 2012. Collection efforts have started on 78 Medically Vulnerable customers for April 2013.





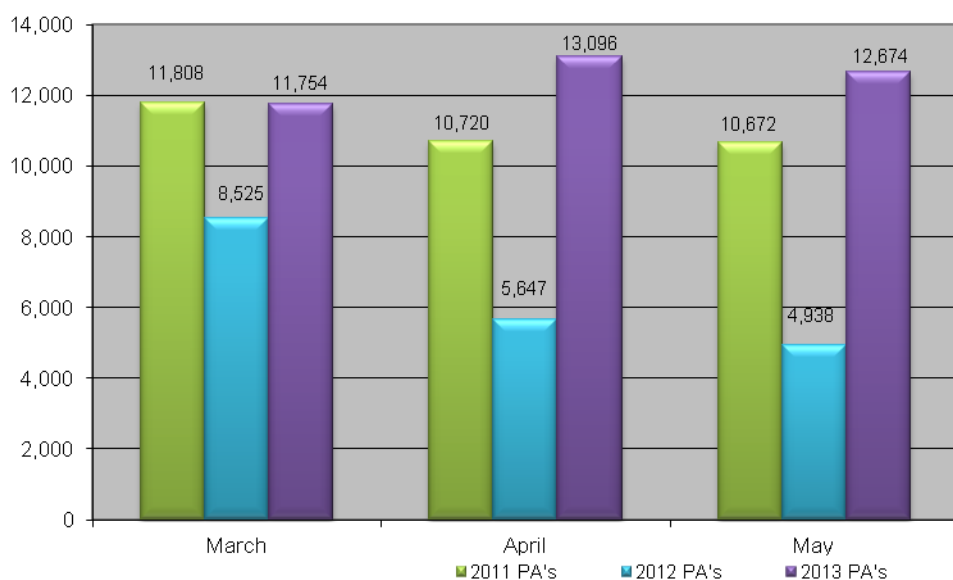
Monthly PA and Disconnect Report May 2013

Payment Arrangement

| Month | 2011 PAs | 2012 PAs | 2013 PAs |
|------------------|-------------|-------------|-------------|
| March | 11,808 | 8,525 | 11,754 |
| April | 10,720 | 5,647 | 13,096 |
| May | 10,672 | 4,938 | 12,674 |
| Monthly Total | 33,200 | 19,110 | 37,524 |

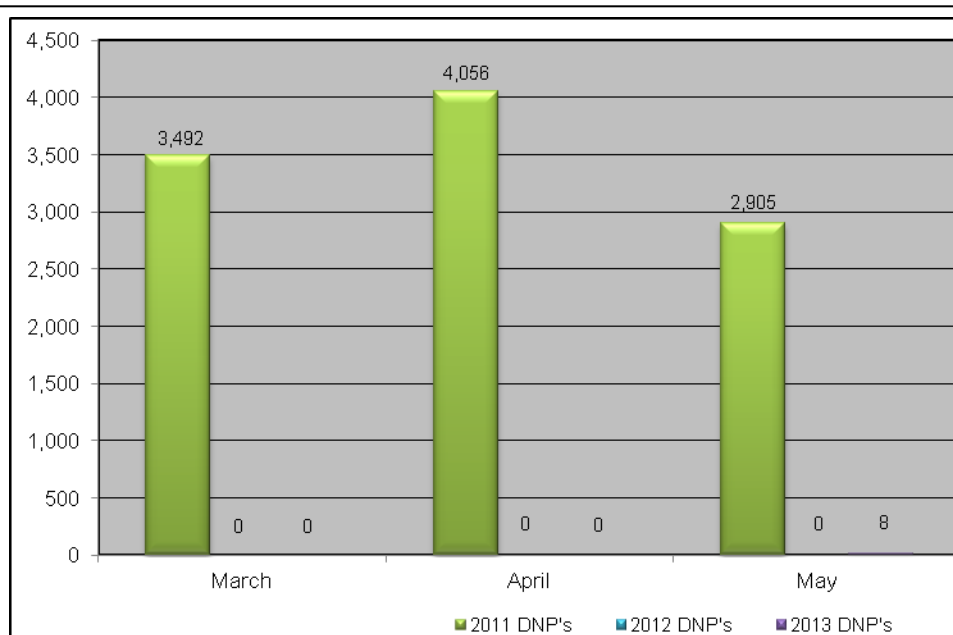
Note: For May 2013 there was a 157% increase in the number of PA's written compared to the number written in May 2012. The number of PA's have now reached levels similar to pre-CCB numbers.

May/June collection activity will include delivery of 24 hour notices and limited residential disconnections, which will continue to increase PA participation.



| Month | 2011 DNP | 2012 DNP | 2013 DNP |
|------------------|-------------|-------------|-------------|
| March | 3,492 | 0 | 0 |
| April | 4,056 | 0 | 0 |
| May | 2,905 | 0 | 8 |
| Monthly Total | 10,453 | 0 | 8 |

Residential Disconnections



Medically Vulnerable Information: For the month of May 2013, 231 customers were identified as Medically Vulnerable; that number was 197 in May 2012. 15 accounts received site visits and 0 accounts were disconnected (site visits have commenced for all delinquent Medically Vulnerable customers as of August 2012). 96 requests were received for Medically Vulnerable status in May 2013; 174 requests were received for Medically Vulnerable status in May 2012. Collection efforts have started on 85 MVR customers for May 2013.



ELECTRIC UTILITY COMMISSION REGULAR MEETING MINUTES – Approved August 19, 2013 JULY 15, 2013

The Electric Utility Commission (EUC) convened in a regularly scheduled meeting in the Shudde Fath Conference Room at 721 Barton Springs Road in Austin, Texas.

1. **CALL TO ORDER** – Chair Bernie Bernfeld called the meeting to order at 6:03 p.m.
Commissioners in attendance: Bernie Bernfeld, Chair; Karen Hadden, Vice Chair; Clay Butler, Shudde Fath, and Linda Shaw. (Dr. Varun Rai was appointed to the Commission on June 27 and will be eligible to participate upon submission of required paperwork to the Office of the City Clerk. There is one vacant position on the Commission.)
Staff in attendance: Larry Weis, Cheryl Mele, Kerry Overton, Ann Little, J.J. Gutierrez, David Wood, Jim Collins, Jeff Vice, David Kutach, Fred Yebra, Cathy Foster, Stephen Leinweber, Gerard MacCrossan, Tim Kisner, Leslie Libby, John Umphress, and Toye Goodson Collins of Austin Energy; and Gage Loots of the Purchasing Department.
2. **APPROVAL OF MINUTES** – **The motion to approve the minutes of the June 17, 2013 meeting, by Vice Chair Hadden and seconded by Commissioner Fath, passed on a vote of 5-0.**
3. **CITIZEN COMMUNICATIONS:** Ruby Roa, representing the Ladies of Charity, spoke regarding low income residents' inability to pay reconnection fees and in support of recommendations by Texas ROSE on disconnection and reconnection fees. Lanetta Cooper, representing the Texas Legal Service Center and Texas ROSE, also spoke in favor of Texas Rose' recommendations which includes ending reconnection fees.

NEW BUSINESS – CONSENT ITEMS

Commissioners pulled Items 4 and 5 for discussion and recommended approval of Items 6-12 on consent. Votes are noted below.

4. Authorize award and execution of a 12-month requirements service agreement with NESCO, LLC, for the rental of aerial devices and digger derricks in an amount not to exceed \$200,000, with two 12-month extension options in an estimated amount not to exceed \$200,000 per extension option, for a total estimated contract amount not to exceed \$600,000. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Shaw, passed on a vote of 5-0.**
5. Authorize award and execution of two 24-month requirements supply agreements for the purchase of high voltage air switches for Austin Energy with: ROYAL SWITCHGEAR in an amount not to exceed \$697,250 with two 24-month extension options in an amount not to exceed \$697,250 per extension option, for a total contract amount not to exceed \$2,091,750, and with MORPAC INDUSTRIES, INC. in an amount not to exceed \$606,000, with two 24-month extension options in an amount not to exceed \$606,000 per extension option, for a total contract amount not to exceed \$1,818,000. The annual amount for all high voltage air switches required under these contracts will be for a total combined amount not to exceed \$651,625. **The motion to recommend approval, by Chair Bernfeld and seconded by Commissioner Shaw, passed on a vote of 5-0.**
6. Authorize award and execution of a 24-month requirements supply agreement with W-S INDUSTRIAL SERVICES, INC. for condenser tube cleaning services for Austin Energy in an

amount not to exceed \$255,506 with two 24-month extension options in an amount not to exceed \$255,506 per extension option, for a total contract amount not to exceed \$766,518. **The motion to recommend approval on consent, by Chair Bernfeld and seconded by Commissioner Fath, passed on a vote of 5-0.**

7. Approve ratification of a contract with AFFILIATED POWER SERVICES LP to provide repair services for the Heat Recovery Steam Generator at Austin's Energy's Sand Hill Energy Center in an amount not to exceed \$729,014.85. **The motion to recommend approval on consent, by Chair Bernfeld and seconded by Commissioner Fath, passed on a vote of 5-0.**
8. Approve ratification of Amendment No. 3 to the contract with GRUENE ENVIRONMENTAL CONSTRUCTION LLC, for an emergency response to and remediation of a diesel oil release at the Decker Creek Power Station in an amount not to exceed \$260,000, for a total revised contract amount not to exceed \$1,767,615. **The motion to recommend approval on consent, by Chair Bernfeld and seconded by Commissioner Fath, passed on a vote of 5-0.**
9. Authorize award and execution of a contract with CAPP, INC., for the purchase of heat exchanger plates for Austin Energy's District Cooling Plant #2 in an amount not to exceed \$66,630. **The motion to recommend approval on consent, by Chair Bernfeld and seconded by Commissioner Fath, passed on a vote of 5-0.**
10. Approve ratification of a contract with JOHNSON CONTROLS, INC. for the repair of a York® Ice Chiller at one of Austin Energy's Downtown District Cooling Plants in an amount not-to-exceed \$197,036. **The motion to recommend approval on consent, by Chair Bernfeld and seconded by Commissioner Fath, passed on a vote of 5-0.**
11. Authorize negotiation and execution of an agreement with Austin Children's Museum, to provide a performance-based incentive for the generation of solar energy at its facility located at 1830 Simond Ave., Austin, Texas 78723, for an estimated \$7,811 per year, for a total amount not to exceed \$78,118 over a 10-year period. **The motion to recommend approval on consent, by Chair Bernfeld and seconded by Commissioner Fath, passed on a vote of 5-0.**
12. Authorize award and execution of a contract with GREENBELT SOLAR for the purchase and installation of solar photovoltaic (PV) systems for four residential duplexes in the Guadalupe-Saldana Net Zero Energy Community, in an amount not to exceed \$68,500. **The motion to recommend approval on consent, by Chair Bernfeld and seconded by Commissioner Fath, passed on a vote of 5-0.**

OLD BUSINESS

13. Discussion and possible action on recommendations for topics of discussion by the Council Committee on Austin Energy – Larry Weis, General Manager, introduced a list of topics to be discussed by the newly-formed Council Committee on Austin Energy and requested input by the EUC regarding topics. Commissioners requested additional time for consideration.
14. Review and acceptance of the Fiscal Year 2012 Austin Energy Annual Performance Report – **The motion to approve the report with additions and corrections, by Chair Bernfeld and seconded by Commissioner Shaw, passed on a vote of 5-0.** Corrections and additions are as follows: p. 40, change "Rd" to "Rod"; p. 40, add data on the Unit 2 outage; and in the "Clean" section (p. 6-22), add language relating energy efficiency and renewables to emissions reductions.

15. Quarterly Report and Fiscal Year 2014 Austin Energy Budget Work Session – Ann Little, Chief Operating Officer; David Kutach, Director, Financial Planning & Budget; and Cathy Foster, Director, Corporate Accounting & Rates, presented the Quarterly Report and answered questions regarding the report and in relation to the utility's proposed budget.

ITEMS FROM COMMISSIONERS

16. Discussion and possible action on Line Extension Fees (Bernfeld, Fath) Commissioner Fath distributed her memo dated July 15, 2013, listing the history of Austin Energy's Contribution in Aid of Construction or Capital Recovery Fees. She supports reinstating such fees to obtain revenue that doesn't come from existing customers. Mr. Weis told the Commission the new Council Committee would discuss the topic at their August 13 meeting. Chair Bernfeld requested an update on that discussion. No action was taken.
17. Discussion and possible action on Disconnection and Reconnection Fees (Bernfeld, Hadden) Vice Chair Hadden distributed the following draft resolution and moved approval. Commissioner Shaw seconded the motion.

WHEREAS, Austin Energy has a reconnection fee of \$25.00, but also has a same day service fee of \$55.00, that most other utilities do not have, and

WHEREAS, the same day service fee is unwarranted since a large percentage of Austin Energy customers now have advanced meters that can be used to switch electricity on or off without a trip to the site; and

WHEREAS, a same day service fee imposes further economic strain on those already having difficulty in paying for electric service, and may lead to the further consequence of having refrigerated groceries going bad and causing a family to be without safe food to eat; and

WHEREAS, of the ten utilities examined in the Austin Energy / Lloyd Gosselink July 12, 2013 memorandum to the Electric Utility Commission, only Pedernales Electric Cooperative, Oncor and CenterPoint had any same day service fee. It is only \$3.10 to reconnect with Oncor and \$5.30 for same day reconnection, for a total of \$8.40, nearly ten times less than Austin Energy's fees, and similarly, same day reconnection with CenterPoint Energy was much less expensive, with a standard reconnection at \$9.00, but a same day reconnect fee of \$34.00,

NOW THEREFORE, BE IT RECOMMENDED BY THE ELECTRIC UTILITY COMMISSION TO CITY COUNCIL THAT:

The City Council, the City Manager and Austin Energy immediately discontinue the same day service reconnection fee.

Lanetta Cooper addressed the Commission urging the policy be consistent with PUC rules in relation to timing of the payment.

J.J. Gutierrez, Vice President, Customer Care, and Kerry Overton, Deputy General Manager, answered questions.

Hadden offered the following amendment: "That Austin Energy immediately discontinue same-day reconnection fee and set up timelines for how soon service would be restored in accordance with or better than PUC rules." Chair Bernfeld offered the following amendment to the last paragraph:

"The City Council, the City Manager direct Austin Energy immediately discontinue the same day service reconnection fee and establish same day connection if payment is verified prior to 4:00 p.m. Payments verified after 4:00 p.m. will be recon by close of business the following day."

Commissioners agreed to delete the second paragraph. **The motion to approve the resolution failed on a vote of 2-0-3 with Chair Bernfeld and Vice Chair Hadden voting for and Commissioners Butler, Fath and Shaw abstaining.**

As requested by the Commission, Austin Energy will provide additional information regarding timing of reconnections and payments at the next meeting.

18. Discussion and possible action on issues related to nuclear generation (Hadden, Shaw) – Cheryl Mele, Chief Operating Officer, answered questions. No action was taken.

FUTURE AGENDA ITEMS

19. Request agenda items, including information related to the Upcoming Procurements Report – Chair Bernfeld requested continuation of the discussion on disconnection and reconnection fees; Commissioner Fath requested continuation of the discussion on line extension fees and a discussion on franchise fees; Vice Chair Hadden requested additional answers to questions regarding STP; and Commissioner Butler requested a continuation of the discussion on topics for the Council Committee on Austin Energy.

ADJOURN – Chair Bernfeld adjourned the meeting at 8:30 p.m. without objection.



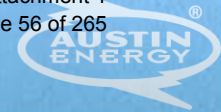
Collections Overview

Disconnection and Reconnection Process

September 2013



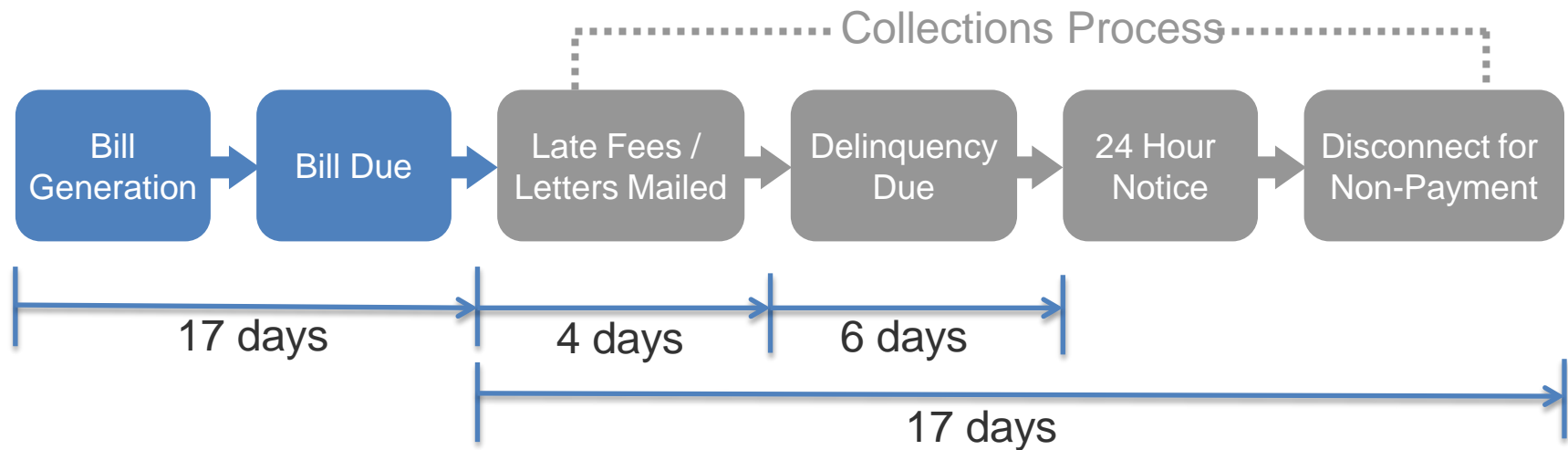
Mission: Deliver clean, affordable, reliable energy and excellent customer service.

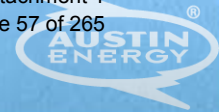


Collections Process Steps

Overview

- The collections process begins with the generation of the customer's bill
- The process is highly automated, events trigger each process step
- The customer can stop the next event at any point in the process
 - payment, or
 - Payment Arrangement.





Bill Generation: Due Date

Overview

- Allow a minimum of 17 Days from Bill Generation to Bill Due Date
- May vary due to holiday or weekend

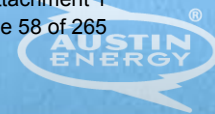
COA Regs

- 15-9-131 DETERMINATION OF BILLING CYCLES

How We Compare

Number of Days from Bill to Due Date

| | |
|---------------------------------|----|
| Austin Energy | 17 |
| CPS Energy | 16 |
| Pedernales Electric Cooperative | 16 |
| PUC (TXU, Reliant) | 16 |
| Memphis LGW | 16 |
| Colorado Springs Utilities | 14 |



Past Due: Late Fee Assessed

Overview


- Assess 5% Late Fee
- On Metered Services only
- On Current Amount Due only
- Listed on the Payment Stub

COA Regs

- 15-9-137 PAYMENT REQUIREMENTS AND LATE PAYMENT PENALTY

Page 1 of 4

SAMPLE BILL: Residential



Utility News

Read Dates
Next meter read date will be on or about 4/10/2013.

Now you can combine up to \$3,200 in rebates with a low-interest loan to make energy efficiency improvements to your home. For a list of Participating Companies and information about Austin Energy's Best Offer Ever, visit austinenrgy.com.

Starting March 1, thin plastic bags will not be available at checkout counters at most Austin businesses. Instead, shoppers will have reusable bag options. Remember to bring your reusable bags whenever you go shopping. More at BringItAustin.com.

Your new wastewater average will be in effect with your April bill. Your wastewater average period is (2012-12-11 to 2013-03-12). For more information, see www.cityofaustin.org/water.

The City of Austin will host a series of free composting classes throughout 2013. Join us to learn how you can compost your food scraps and yard trimmings to save money on your trash collection. For details, visit austintexas.gov/composting.

Outstanding utility bill balance? Set up monthly payment arrangements to keep your account in good standing. Call 512-494-9400 and a Customer Service Representative will assist you.

Contact Information

Summary of Service

CUSTOMER, JOHN D.
Service Address: 123 RESIDENTIAL BLVD
Account Number: 12345 60000
Invoice Number: 123456789

Bill Print Date: Mar 15, 2013
Due Date: Apr 1, 2013

Previous Activity/Charges

| | |
|-------------------------------|---------------|
| Total Amount Due at Last Bill | \$142.33 |
| Payment received - Thank you | -\$142.33 |
| Previous Balance | \$0.00 |


Current Activity/Charges

| | |
|-------------------------|-----------------|
| Electric Service | \$46.42 |
| Water Service | \$21.93 |
| Wastewater Service | \$35.57 |
| Clean Community Service | \$6.00 |
| Solid Waste Services | \$21.38 |
| Drainage Service | \$8.35 |
| Street Service | + \$7.80 |
| Current Balance | \$147.45 |

If Payment is received after due date, a late fee will be assessed.

Total Amount Due **\$147.45**

Detach and include stub with your payment



P.O. Box 2267 Austin, TX 78783-2267

CUSTOMER, JOHN D.
123 RESIDENTIAL BLVD
AUSTIN TX 78749-1270

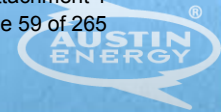
Account: 12345 60000

Make Checks payable to City of Austin.
View or Pay online:
www.coautilities.com

| | |
|-----------------------------|-----------------|
| Total Amount Due: | \$147.45 |
| Date Due: | 04/01/13 |
| Penalty After Date Due: | \$5.20 |
| Total Due After 04/01/2013: | \$152.65 |
| CAP Contribution: | \$ |
| Parks & Libraries Fund: | \$ |
| Public School Energy Asst: | \$ |
| Total Paid: | \$ |

Enter contributions and include in Total Paid →

CITY OF AUSTIN
P.O. BOX 2267
AUSTIN TX 78783-2267



Delinquent Letters Mailed

Overview

- Mail letter stating that Account is subject to Disconnection for Non-Payment if no action is taken
- Letter type based on account activity
 - Friendly
 - Firm

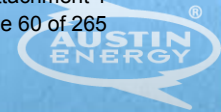
COA Regs

- 15-9-106 NOTICE OF SERVICE DISCONNECTION

How We Compare

Disconnect Notice Fee

| | |
|---------------------------------|-----------------|
| Austin Energy | \$0 |
| CPS Energy | \$0 |
| Pedernales Electric Cooperative | \$0 |
| Reliant | \$0 |
| TXU | \$10 per notice |
| Gexa Energy | \$15 per notice |
| Amigo Energy | \$22 per notice |
| Bounce Energy | \$20 per notice |



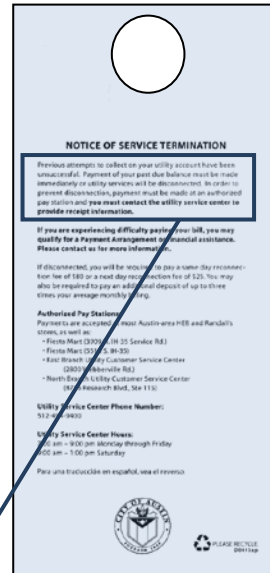
No Response from Customer: 24 Hour Notice

Overview

- Leave Courtesy Door Hanger
- Cost of \$1.5M annually

COA Regs

- Requirement for notice of service disconnection per 15-9-106 NOTICE OF SERVICE DISCONNECTION is met through Delinquent Letter.



How We Compare

Do you provide 24-hour door hangers?

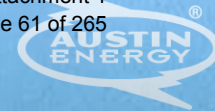
| | |
|---------------------------------|--------------------|
| Austin Energy | Yes |
| CPS Energy | Yes |
| Pedernales Electric Cooperative | No |
| Reliant | No |
| TXU | No |
| MLGW | No |
| Colorado Springs | Yes ^[1] |

NOTICE OF SERVICE TERMINATION

Previous attempts to collect on your utility account have been unsuccessful. Payment of your past due balance must be made immediately or utility services will be disconnected. In order to prevent disconnection, payment must be made at an authorized pay station and you must contact the utility service center to provide receipt information.

If you are experiencing difficulty paying your bill, you may qualify for a Payment Arrangement or financial assistance. Please contact us for more information.

[1] Door hangers are used but not consistently, not every customer will receive a door hanger.



Payment Arrangements (PA) Policy

Overview

- Balance is divided into monthly installments
- Up to 8 months of installments
- Installments appear on the bill
- Customers pay installment in addition to monthly utility charges each month

Utility News

Read Dates

Next meter read date will be on or about 4/1/2013.

Now you can combine up to \$3,200 in rebates with a low-interest loan to make energy efficiency improvements to your home. For a list of Participating Companies and information about Austin Energy's Best Offer Ever, visit austinenenergy.com.

Starting March 1, thin plastic bags will not be available at checkout counters at most Austin businesses. Instead, shoppers will have reusable bag options. Remember to bring your reusable bags whenever you go shopping. More at BringItAustin.com.

Your new wastewater average will be in effect with your April bill. Your wastewater average period is (2012-12-01 to 2013-03-01). For more information, see www.cityofaustin.org/water.

The City of Austin will host a series of free composting classes throughout 2013. Join us to learn how you can compost your food scraps and yard trimmings to save money on your trash collection. For details, visit austintexas.gov/composting.

Outstanding utility bill balance? Set up monthly payment arrangements to keep your account in good standing. Call 512-494-9400 and a Customer Service Representative will assist you.

Contact Information

View or Pay online: www.coautilities.com

Customer Service: 512-494-9400
or call toll free at 1-888-340-6465
TDD: 512-477-3663
Se Habla Español

To report an electrical OUTAGE call 512-322-9100 and enter your PowerLink number. The PowerLink number is displayed with your Electric Service on the bill.

Summary of Service

CUSTOMER, JOHN D.
Service Address: 123 RESIDENTIAL BLVD

Account Number: 12345 60000

Invoice Number: 123456789

Bill Print Date Mar 6, 2013
Due Date Mar 25, 2013

Previous Activity/Charges

Total Amount Due at Last Bill \$187.77
Payment received -\$187.77

Previous Balance \$0.00

Payment Arrangement

Monthly Payment Arrangement Installment \$98.15

Current Activity/Charges

Electric Service \$54.70
Water Service \$25.44
Wastewater Service \$52.52
Clean Community Service \$6.00
Solid Waste Services \$21.38
Drainage Service \$8.35
Street Service + \$7.80

Current Balance \$176.19

If Payment is received after due date, a late fee will be assessed.

Total Amount Due \$274.34

Remaining Payment Arrangement Balance \$687.05

Continued On Next Page



THE CITY IS COMPLYING WITH THE AMERICANS WITH DISABILITIES ACT.

Detach and include stub with your payment



P.O. Box 2267 Austin, TX 78783-2267

Account: 12345 60000

Make Checks payable to City of Austin.

View or Pay online:
www.coautilities.com

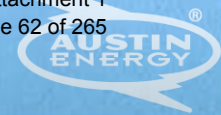
Total Amount Due: \$274.34

Date Due: 03/25/13

Penalty After Date Due: \$6.63

Total Due After 03/25/2013: \$280.97

CAP Contribution: \$



Special Payment Arrangement (PA) Policy Suspension Period

Overview

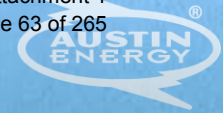
- Normal policy terms are “relaxed”
- Allows greater flexibility as Customers adjust to reinstatement of Collections
- Currently in effect
- Migrating back to normal policy to be fully implemented Dec 31, 2013

Normal Payment Arrangement Policy vs. Suspension Period

| | Normal Policy | Suspension Period |
|---|---------------|-------------------|
| Monthly Installments Allowed ^[1] | Up to 8 | Up to 12 |
| Down Payment Required | Yes | No |
| Must bring Account Current for a New PA | Yes | No |
| Eligible If Service Is Disconnected | No | Yes |

[1] This is the maximum that may be offered by a Customer Service Representative; Additional installments may be available for customers in Low Income, Medically Vulnerable or Life Support Programs through Austin Energy's Customer Solutions Management Team.

Customer Service Representative (CSR) Training Program



Classroom (5 weeks)

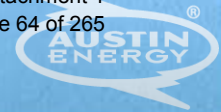
- Instructor Led Course
- Start & Stop Services
- Account Inquiries
- Conservation
- Outage Response
- 12 Students per Class
- 80 Hrs Phone Time
- 2 Written Assessments

On the Job (6 weeks)

- Transition Team
- Extra Support
- 12 Hrs Customer Relationship Building (CRB) Course

Coaching (Ongoing)

- Team Meetings
- Weekly Huddles
- Quality Call Monitoring
- Monthly Coaching
- Instructor Led Courses & Online Training
- Based on Needs Assessments & Business Process Changes



How Does a Disconnect Occur?

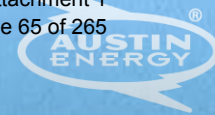
Failure Points:

- Bill is not paid by due date
- Delinquent Payment Reminder is ignored
- 24-Hour notice is ignored
- At anytime a Payment Arrangement stops the collections process
- 1st Payment Arrangement is not upheld
- 2nd Payment Arrangement is not upheld
- 3rd Payment Arrangement is not upheld
- Customer is disconnected for non-payment

Reconnection Requirements (after disconnect)

- Customer must pay balance to reconnect
 - AE offers a 50% down-payment to reconnect
 - Remaining 50% due in 15 days
 - Reconnect fee of \$25, Same Day fee of \$55 added to next bill

Note: AE provides account management services such as community Plus1 referrals and basic services agency referrals for specialty customer classes



Disconnect for Non-Payment Comparison

How We Compare

| | Austin Energy | CPS Energy | Pedernales Electric Cooperative | Reliant Energy (REP) | TXU Energy (REP) | Oncor (Wires) | Center Point (Wires) | MLGW | Colorado Springs Utilities |
|-----------------------------|---------------|--------------------|---------------------------------|----------------------|---------------------|--------------------|----------------------|------|----------------------------|
| DNP Fee | \$0 | \$0 | \$0 | \$25 ^[1] | \$30 ^[1] | \$2.70 | -- | -- | -- |
| Reconnect Fee | \$25 | \$24 | \$100 | -- | -- | \$3.10 | \$9 | \$25 | \$30 |
| Same Day / After Hours Fee | \$55 | \$0 ^[2] | \$250 ^[3] | -- | -- | \$5.30 | \$34 | \$54 | \$10 after hrs |
| Remote Connect/ Disconnect? | No | * | Yes | Yes | Yes | Yes ^[4] | Yes ^[4] | No | Yes |

COA Regs

- 15-9-101 BASIS FOR TERMINATION OF SERVICE
- 15-9-112 RESTORATION OF SERVICE

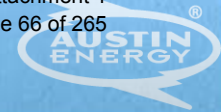
[1] Disconnect Recovery Fee charged by the Retail Energy Provider when a customer fails to pay the past due amount before the expiration date of any disconnection notice issued.

[2] If a customer's call to reconnect is logged before 5pm, same day service is guaranteed.

[3] If the customer fails to make payment by 5pm and chooses to be reconnected same day, an additional \$250 same day fee is charged, plus an additional deposit amount.

[4] Charges by TDU are for reconnections at the meter and are separate charges on a customer's bill.

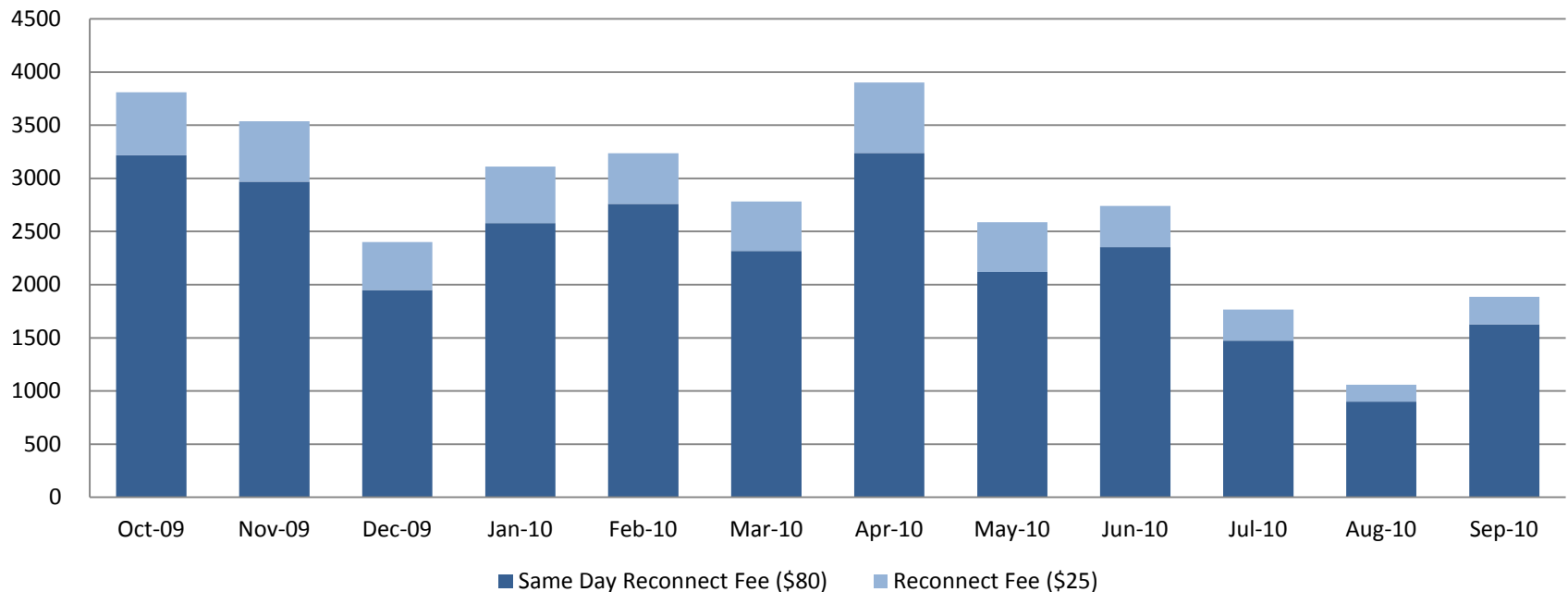
* Under review

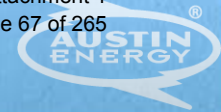


Disconnect/Reconnect Fees

- The number of reconnections after disconnect for non-payment totaled roughly 33k between October 2009 – September 2010.
- Same day reconnect service requests accounted for approximately 28k of that amount.

**Number of Disconnects/Reconnects for Non-Payment
FY2010**

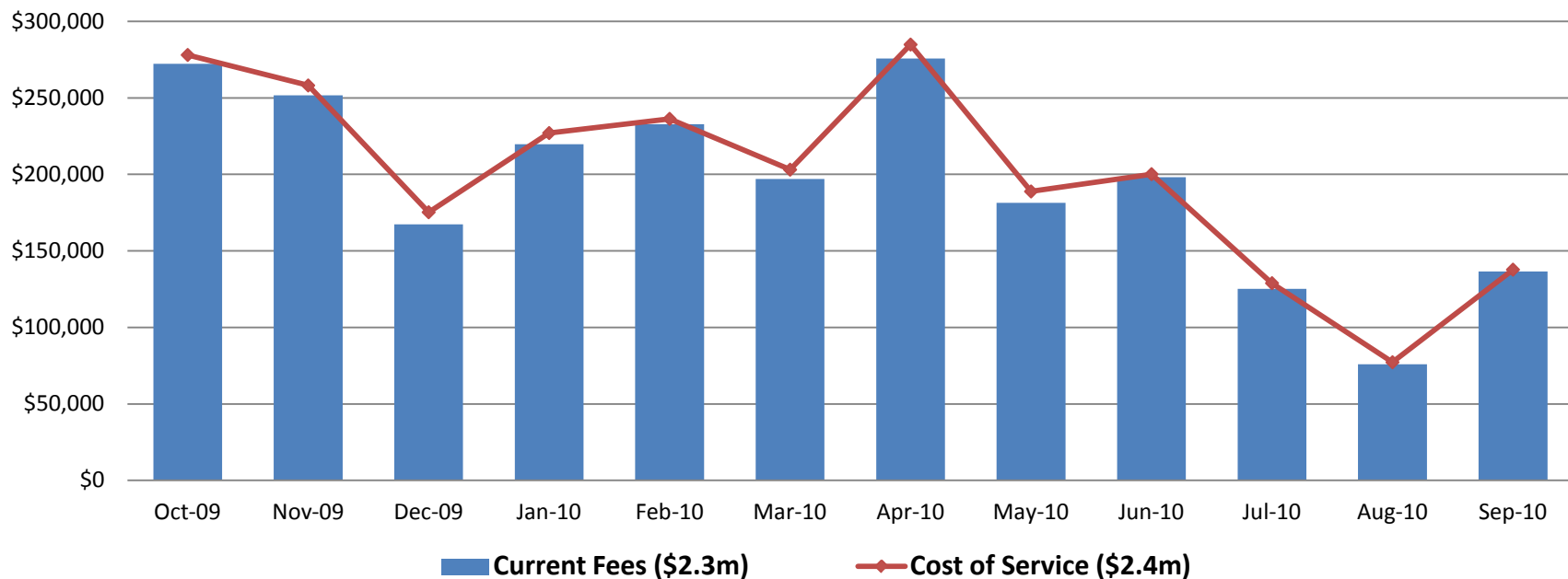


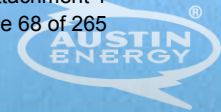


Revenue Comparison to Cost of Service

- Current Fees Assessed: \$25 Reconnect Fee and \$55 Same Day Fee
- Cost of Service \$72.63

Revenue to Cost Comparison FY2010





Contact Us

City of Austin - Austin Energy Customer Care Center

721 Barton Spring Rd.

Austin, Texas 78704-1194

p. 512-494-9400

e. custinfo@austinenergy.com

Twitter



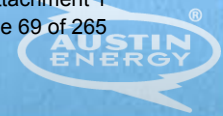
[@austinenergy](https://twitter.com/austinenergy)

Facebook



facebook.com/austinenergy

Thank You!



Appendix - Disconnect Policy Comparison by Utility

| | Austin Energy | CPS Energy | Pedernales Electric Cooperative (PEC) | Reliant Energy | TXU Energy | MLGW | Colorado Springs Utilities |
|---|--|---------------------------|--|-------------------|---------------------------|------------------|----------------------------|
| Door Hangers? | Yes | Yes | No | No | No | No | Yes ^[1] |
| No. of Days for Door Hanger after Bill Due Date | 15-44 | 20 | -- | -- | -- | -- | -- |
| No. of Days for DNP after door hanger | 2 | 6 | -- | -- | -- | -- | -- ^[2] |
| No. of Days for DNP after Bill Due Date | 17-46 | 26 | 29 | 20-25 | 6 | 46 | 28-30 ^[3] |
| No. of Notices prior to DNP | 3 | 3 | 3 | 1 ^[4] | 1 ^[5] | 2 | 1 ^[6] |
| | Courtesy letter, delinquency letter, door hanger | letter, call, door hanger | Courtesy call, letter, collection call | Pink notice | letter, text, email, call | letter, call | Letter |
| Reconnect Fee for DNPs? | \$25 | \$24 | \$100 | -- ^[7] | -- | \$25 | \$30 |
| Same day reconnect fee amount? | \$55 | none | \$250 ^[8] | -- | -- | \$54 | none ^[9] |
| Remote Connect/Disconnect? Fee? | No | No | Yes \$100 | Yes none | Yes none | No | Yes 30 |
| Follow PUC Guidelines? | No | No | Yes ^[10] | Yes | Yes | No | No |
| Responses given by | Collections Mgr | AR Manager | Collections Mgr | E-Source | CSR | Public Relations | CSR Supervisor |

^[1] Door hangers are used but not consistently, not every customer will receive a door hanger.

^[2] No set amount of time indicated on door hanger, customer is requested to contact Customer Service.

^[3] Disconnect generated 14 days after bill due date and payment due is 14-16 days after disconnect notice generated.

^[4] Pink notice sent out 10 days after bill due date. Disconnect is 10-15 days after.

^[5] All customers receive a letter but have the additional choice of being contacted through the other options.

^[6] A disconnect notice is generated 14 days after bill due date, but utility will make other attempts to contact customer through calls and notices.

^[7] Since Reliant is not the transmission and distribution service provider, it does not charge for reconnection. It may charge a \$25 disconnect recovery fee if payment is not received prior to the expiration of the disconnection notice. TXU charges a similar fee. Disconnect/Reconnect charges from the TDSP are a separate line item on the bill.

^[8] If the customer fails to make payment by 5pm and chooses to be reconnected same day, an additional \$250 same day fee is charged, plus an additional deposit amount.

^[9] No same day fee, but charge an afterhours fee of \$10 for weekends and after office is closed. ^[10] Yes, with exceptions

RESOLUTION NO. 20130926-083

WHEREAS, access to safe drinking water is essential to human health;
and

WHEREAS, adequate sanitation and good hygiene are fundamental to human health but at risk without water; and

WHEREAS, on July 28, 2010, through Resolution 64/292, the United Nations General Assembly recognized “the right to safe and clean drinking water and sanitation as a human right that is essential for the full enjoyment of life and all human rights”; and

WHEREAS, under certain circumstances, the City of Austin disconnects both electric and water service for late or nonpayment of utility charges; and

WHEREAS, the City of Austin did not disconnect water service for late or nonpayment of utility charges until 1988; and

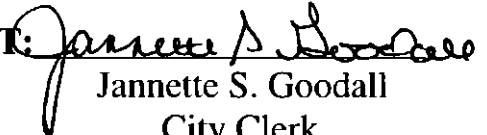
WHEREAS, a City truck must be dispatched to disconnect electric and water service but in the near future, Austin Energy will be able to remotely connect and disconnect electric service at many buildings; **NOW, THEREFORE**,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The City Manager is directed to return to Council by November 21, 2013 with proposed options to curtail disconnection of residential water service for late or nonpayment of utility bills.

ADOPTED: September 26, 2013

ATTEST:


Jannette S. Goodall
City Clerk

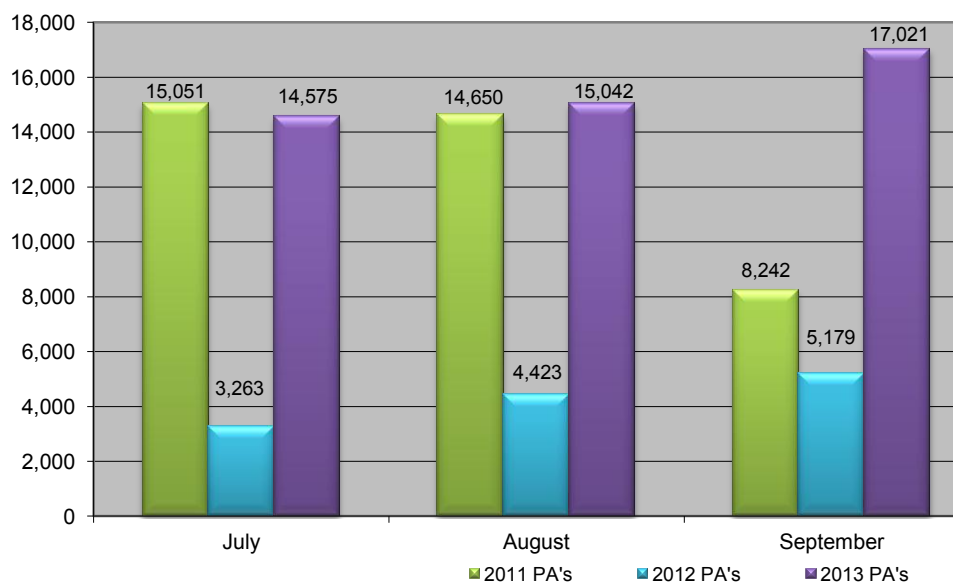


Monthly Payment Arrangement and Disconnection Report September 2013

Payment Arrangements (PAs)

| Month | 2011 | 2012 | 2013 |
|---------------|--------|--------|--------|
| July | 15,051 | 3,263 | 14,575 |
| August | 14,650 | 4,423 | 15,042 |
| September | 8,242 | 5,179 | 17,021 |
| Monthly Total | 37,943 | 12,865 | 46,638 |

In September 2013, there was a 229% increase in the number of PAs written compared to the number written in September 2012. The number of PAs have now reached levels similar to pre-CC&B numbers. In September 2013, there was a 106% increase in the number of PAs written compared to the number written in September 2011.



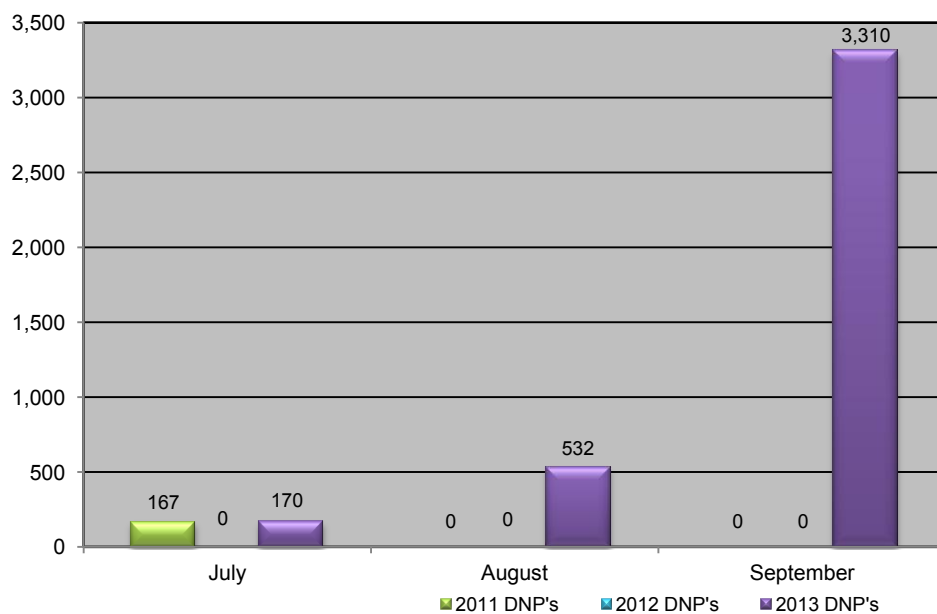
Residential Disconnections due to Non-Payment (DNP)

| Month | *2011 DNP | **2012 DNP | 2013 DNP |
|---------------|-----------|------------|----------|
| July | 167 | 0 | 170 |
| August | 0 | 0 | 532 |
| September | 0 | 0 | 3,310 |
| Monthly Total | 167 | 0 | 4,012 |

* No residential DNP due to record high heat and conversion to CC&B.

**No residential DNP due to post conversion delays.

Medically Vulnerable Information: In September 2013, 251 customers were identified as Medically Vulnerable; that number was 186 in September 2012. 0 accounts received site visits and 0 accounts were disconnected. 30 requests were received for Medically Vulnerable status in September 2013; 15 requests were received for Medically Vulnerable status in September 2012. Collection efforts have started on 161 Medically Vulnerable customers in September 2013.



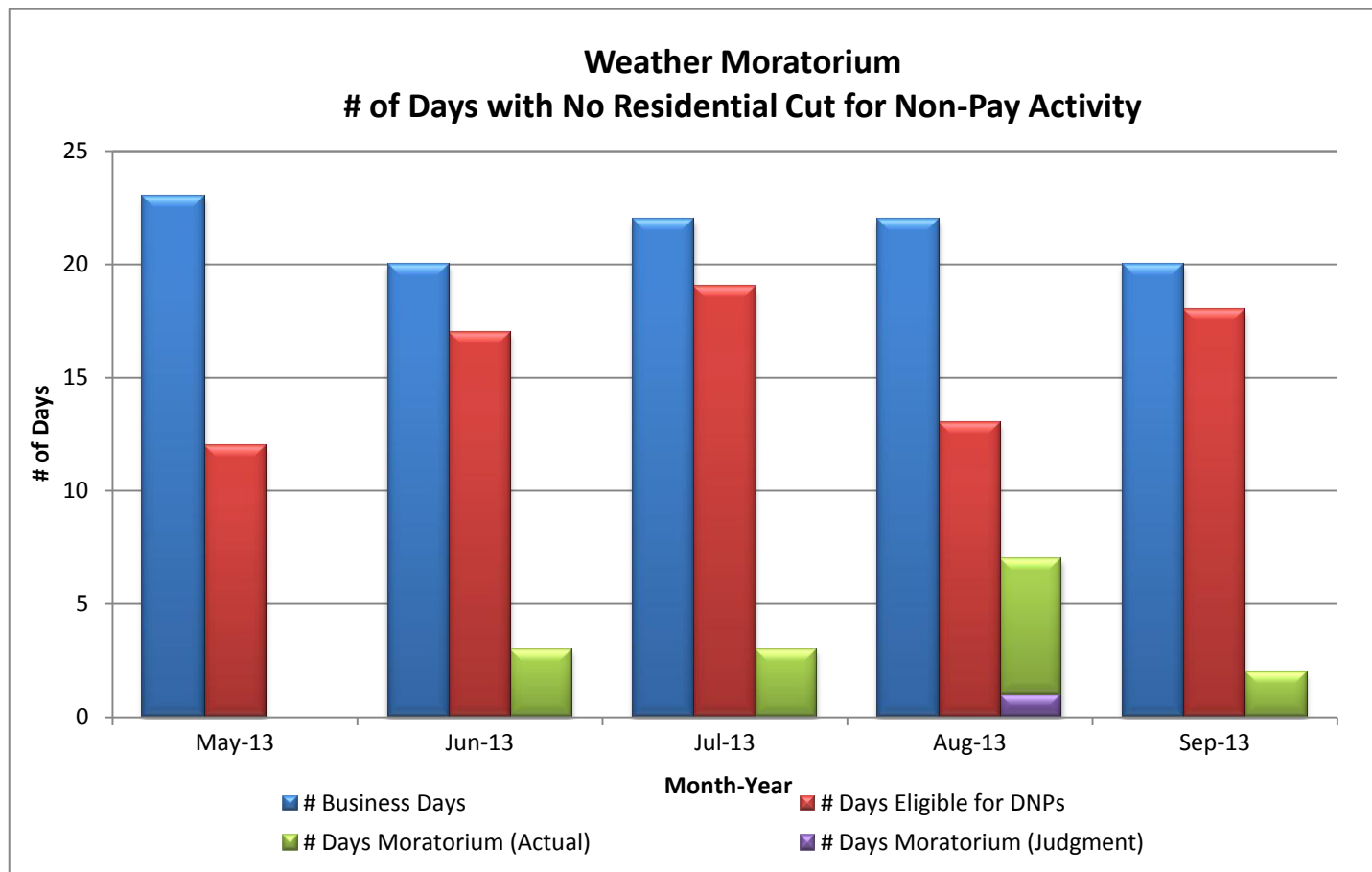


Summer Moratorium Information

For the month of September 2013, Austin Energy has recorded a total of 18 business days eligible to create disconnect for non-payment (DNP) field activities. Due to the combination of actual plus forecasted heat index, Austin Energy has implemented the summer weather moratorium on 2 days, and DNPs were issued (when eligible) on the remaining business days.

| | # Business Days | # Days Eligible for DNPs | # Days Moratorium (Actual) | # Days Moratorium (Judgment) |
|---------|-----------------|--------------------------|----------------------------|------------------------------|
| May-13 | 23 | 12* | 0 | 0 |
| Jun-13 | 20 | 17 | 3 | 0 |
| Jul-13 | 22 | 19 | 3 | 0 |
| Aug-13 | 22 | 14 | 6 | 1 |
| Sept-13 | 20 | 18 | 0 | 0 |

* Disconnect for Non-Payment activity resumed on May 16 leaving 12 business days in the month of June eligible for disconnect activity.



RESOLUTION NO. 20131107-052

WHEREAS, Austin Energy has residential customers with high past-due balances, many of whom are low-income customers; and

WHEREAS, a large number of residential customers are at risk of having their utilities disconnected or have already received service disconnections; and

WHEREAS, the loss of critical utilities threatens health and safety, and once utilities are disconnected a family may be unable to maintain housing; and

WHEREAS, the City should ensure that, at a minimum, low-income households are provided the resources to maintain critical utility services; and

WHEREAS, such resources should include strategies and protections against termination for the most vulnerable populations, such as the elderly, critically ill, or households with young children; and

WHEREAS, one strategy some utilities use to prevent terminations is an arrearage management plan; and

WHEREAS, evidence suggests that arrearage management plans have a positive impact on utility revenues; and

WHEREAS, the City has a fiscal and legal obligation to ensure that the utility collects payment for utility service; and

WHEREAS, deferred payment arrangements that are reasonable, realistic, and tailored to each customer's financial circumstances would also provide protection against disconnection; and

WHEREAS, customers experiencing high utility bills, including excessive water usage, should be provided information about usage reduction strategies including options for participation in energy efficiency rebate and low-income weatherization programs, as well as water conservation rebates and education; **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

That the City Manager is directed to work with the Discount Steering Committee and other consumer advocates to develop revised rules for deferred payment plans and service disconnections;

BE IT FURTHER RESOLVED

That the City Manager work with the Discount Steering Committee and consumer advocates to develop an arrearage management plan, taking into consideration best practices from other cities, and including strategies for incentivizing customers for honoring payment agreements;

BE IT FURTHER RESOLVED

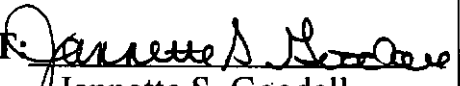
That the City Manager work with this group to develop appropriate customer service practices for providing information to customers entering into deferred payment plans about resources available to customers through Austin Energy or the Austin Water Utility, including eligibility for customer assistance programs, participation in energy efficiency rebate and/or low income weatherization, and education on usage management strategies;

BE IT FURTHER RESOLVED:

That the City Manager provide the recommendations of the Discount Steering Committee and consumer advocates to the Electric Utility Commission, the Resource Management Commission, and the Water and Wastewater Commission for their review and approval and to the City Council no later than six months after the adoption of this resolution.

ADOPTED: November 7, 2013

ATTEST:


Jannette S. Goodall
City Clerk

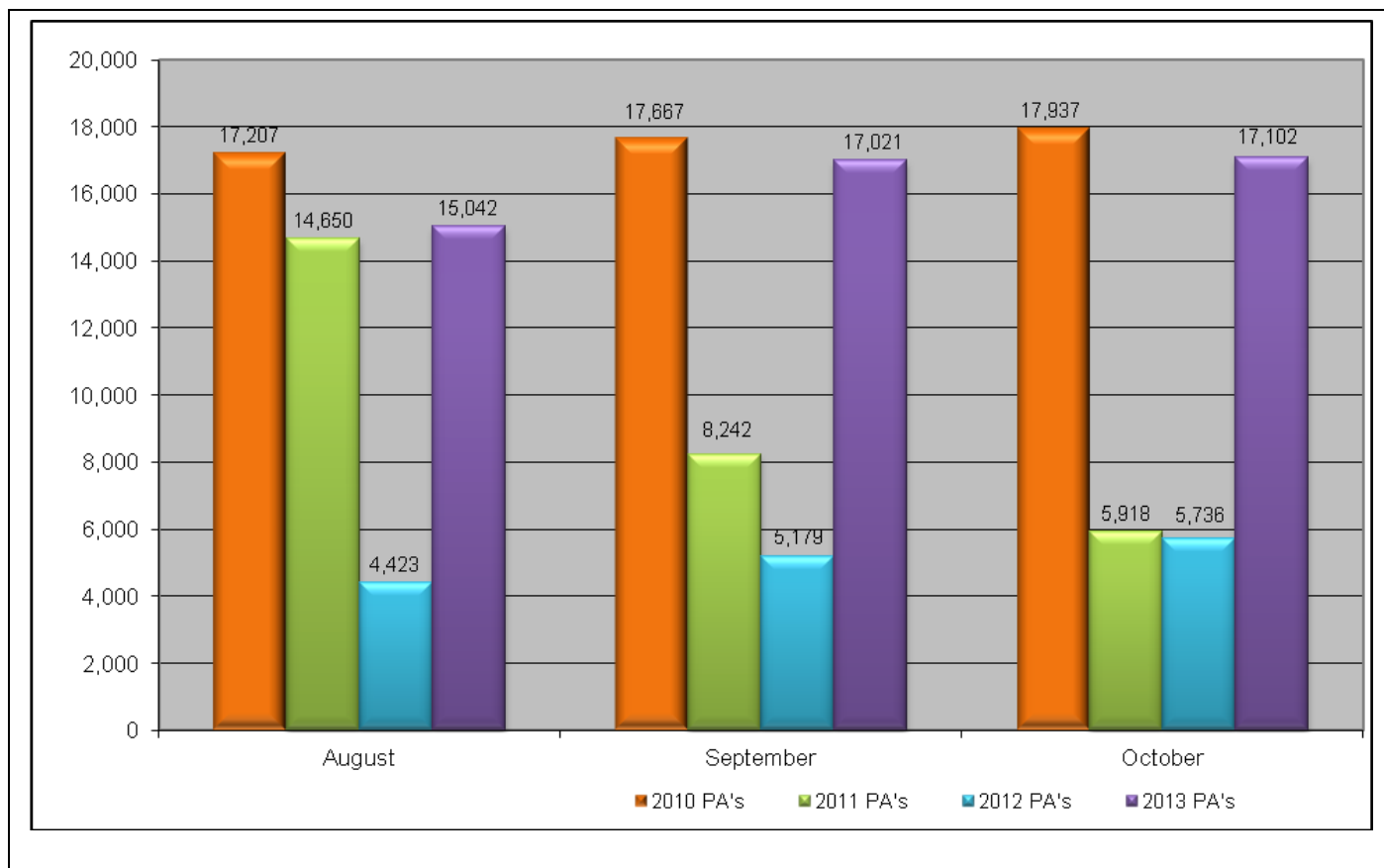


Monthly Payment Arrangement and Disconnection Report October 2013

Payment Arrangements (PAs)

| | 2010 | 2011 | 2012 | 2013 |
|---------------|--------|--------|--------|--------|
| Month | PAs | PAs | PAs | PAs |
| August | 17,207 | 14,650 | 4,423 | 15,042 |
| September | 17,667 | 8,242 | 5,179 | 17,021 |
| October | 17,937 | 5,918 | 5,736 | 17,102 |
| Monthly Total | 52,811 | 28,810 | 15,338 | 49,165 |

In October 2013, there was a 198% increase in the number of PAs written compared to the number written in October 2012. The number of PAs has now reached levels similar to pre-CC&B numbers. Also, in October 2013, there was a 4.7% decrease in the number of PAs written compared to the number written in October 2010.





Monthly Payment Arrangement and Disconnection Report October 2013

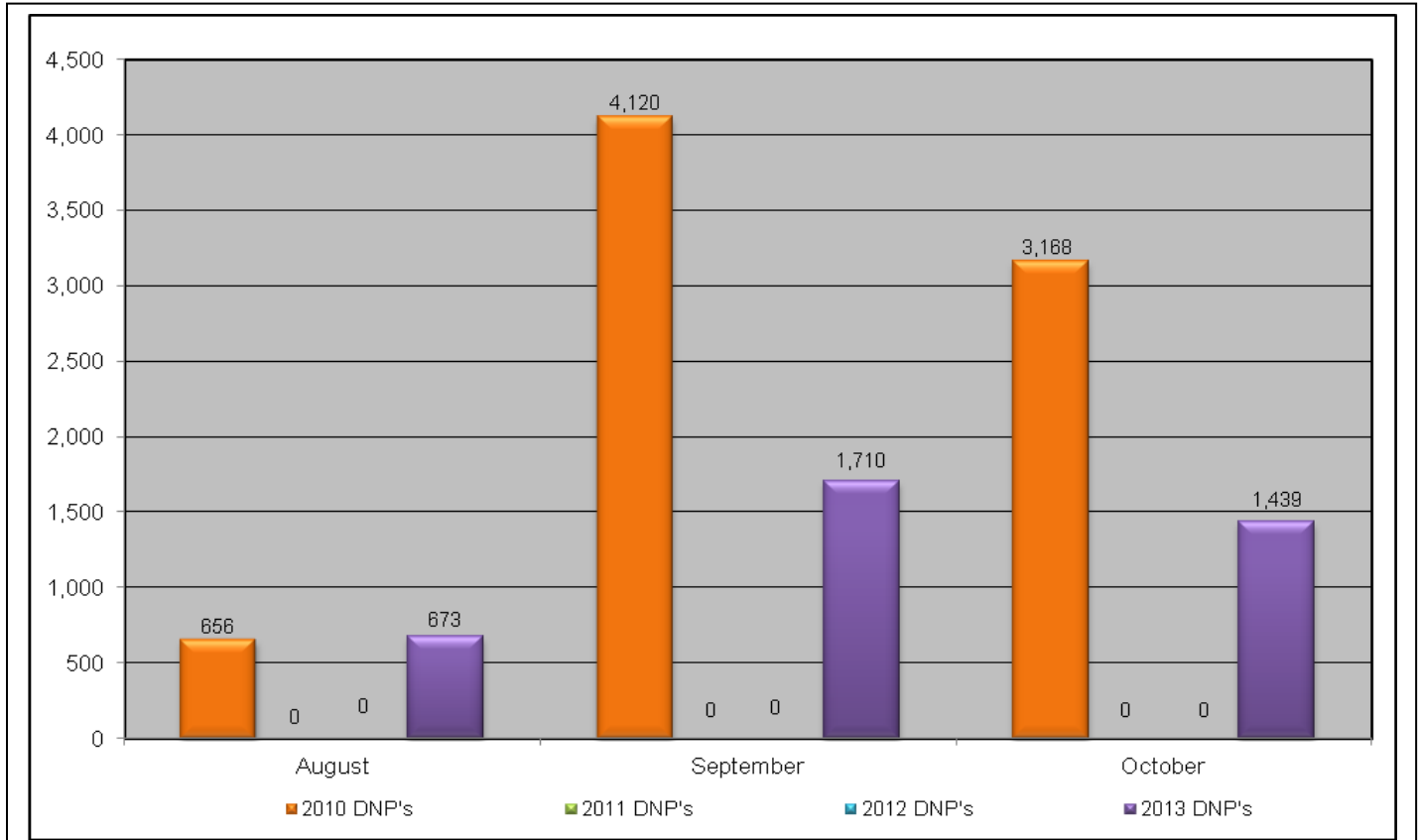
Residential Disconnections for Non-Payment (DNP)

| Month | 2010 DNP | *2011 DNP | **2012 DNP | 2013 DNP |
|------------------|-------------|--------------|---------------|-------------|
| August | 656 | 0 | 0 | 532 |
| September | 4,120 | 0 | 0 | 3,310 |
| October | 3,168 | 0 | 0 | 1,439 |
| Monthly Total | 7,944 | 0 | 0 | 3,822 |

*No residential DNP due to record high heat and conversion to CC&B.

**No residential DNP due to post-conversion delays.

Medically Vulnerable Information: In October 2013, 292 customers were identified as Medically Vulnerable; that number was 193 in October 2012. 12 accounts received site visits and 0 accounts were disconnected (site visits have commenced for all delinquent Medically Vulnerable customers as of August 2012). 248 requests were received for Medically Vulnerable status in October 2013; 101 requests were received for Medically Vulnerable status in October 2012. Collection efforts have started on 119 Medically Vulnerable customers.





MEMORANDUM

To: Mayor and Council

Cc: Marc A. Ott, City Manager
Robert D. Goode, P.E., Assistant City Manager

From: *DM* Greg Meszaros, Director, Austin Water Utility
Larry Weis, General Manager, Austin Energy *LW*

Date: November 21, 2013

Subject: Options to Curtail Disconnection of Residential Water Service (Resolution 20130926-083)

This memorandum is in response to Council Resolution 20130926-083 approved on September 26, 2013 requesting options to curtail disconnection of residential water service for late or nonpayment of utility bills and consists of the following sections:

- A. Options for curtailing disconnections of residential water service
- B. Staff Recommendation
- C. Overview of current practices
- D. Survey of other cities' disconnect practices
- E. Austin Energy Remote Disconnect readiness

A. Options for curtailing disconnections of residential water service:

The following options were developed collaboratively by Austin Water and Austin Energy for Council consideration. For purposes of this memo, a residential customer is defined as a customer billed at a residential water service rate, and utility bill refers to the consolidated utility bill for all utility services provided by the City – electric, water, wastewater, solid waste, clean community, drainage and street services (transportation user fee).

Option 1: Discontinue disconnection of residential water service

The current practice of disconnecting residential water service for nonpayment would be fully discontinued. The practice of disconnecting electric service for non-payment would continue.

The advantage of this option is residential customers will have access to safe drinking water, adequate sanitation and good hygiene regardless of payment status with City.

A disadvantage is that this practice reduces motivation for customers to pay for water service, reduces their incentive for water conservation, and would likely result in increased bad debt, which would reduce revenue for all City Utilities.

Option 2: Modify the current practices to phase in the disconnection of residential water service.

The practice of disconnecting electric service for non-payment would continue. The current practice of disconnecting residential water service for non-payment would be phased in after the disconnection of electric service.

The advantage of this option is residential customers will have access to safe drinking water, adequate sanitation and good hygiene through reduced disconnects of water service for non-payment.

A disadvantage is that this practice reduces motivation for customers to pay for water service, reduces their incentive for water conservation, and would likely result in increased bad debt, which would reduce revenue for all City Utilities.

A summary of the two options along with the pros and cons of each option are included in **Appendix A**.

B. Staff Recommendation:

After consideration of the options to curtail the disconnection of water service, Austin Water and Austin Energy recommend the following revisions to the current practices of disconnecting water service for non-payment:

- Modify the current practices to provide a phasing of the disconnection of water service for non-payment under the following circumstances:
 - a) Continue the current practice of disconnecting water service for non-payment for those “water only” customers who receive electric service from a different provider than Austin Energy. These water only customers would be subject to disconnect after 35 days;
 - b) Phase the disconnection of water service for non-payment an additional 35 days after the electric service has been cut. This creates a phasing of service disconnects with the electric service being disconnected after 35 days and the water being disconnected after 70 days.

These disconnect policies would only apply for those customers that have not made a payment on their account or have a current payment arrangement. These policy revisions would reduce the number of disconnections of water service while still providing leverage for those “water only” customers. The phasing of service disconnects for electric service first after 35 days, then water service after 70 days, would provide the customer more time to pay on their account or set up a payment arrangement before their water service is disconnected. The phasing policy would balance the risk between providing an incentive for our customers to pay their bills and providing for health and safety through access to water service. The phasing of disconnecting electric and water service is a current practice in several cities nationwide. This policy would also provide the customer an incentive to keep their unpaid balances at levels which could more reasonably be repaid through a payment agreement.

Possible Pilot Program:

There could be the possibility of initiating a pilot program of any of the two options provided above. Since these options would require modification of our CC&B billing system, the Council could consider a pilot period in advance of the completion of these modifications. During this pilot, Austin Energy and Austin Water could identify the extent and cost of CC&B modifications. Manual work processes would be performed to void the disconnection notice produced by CC&B. An evaluation of the effect the

disconnect changes have on the City's accounts receivable would also be completed to the fullest extent possible with the limited accounts receivable reporting currently available within the CC&B billing system.

The staff at both Austin Water and Austin Energy will be glad to continue discussions with Council regarding our policies for disconnection of water and electric service. The information below provides information used to formulate our recommendation.

C. Overview of current practices

Collection and Service Disconnection process:

Customers who have not brought their utility account current, have not entered into a payment arrangement, or who are not currently working with AE's Customer Solutions Management Team are scheduled for service disconnection of electric and water service 35 days after the initial bill generation, or approximately 18 days after the initial bill due date.

Approximately 70% of the City's utility customers stay current on their payments and pay their bills on time. Of the 30% of customers who do not pay their bills on time, about 74% will not respond to the Delinquent 10 Day letters. Roughly 7 to 10% of customers are eligible for disconnection for non-payment and ultimately up to 2% of customers are actually disconnected in any given month.

The chart in **Appendix B** shows the approximate timeline between the utility bill generation to the possible disconnect for nonpayment.

Payment Arrangements:

The City provides several options for residential customers with delinquent utility accounts:

- A payment arrangement (PA) defers the debt on the account and divides the outstanding balance into monthly installments.
- PA installments are offered for terms up to 12 months.
- Installment amounts appear on the bill, in addition to monthly utility charges, and are due by the bill due date.
- Longer payment terms may be available for customers in Low Income, Medically Vulnerable or Life Support programs.
- When PA terms are not upheld, the account falls back into the collection process. A Broken PA letter is mailed providing an additional 10 days for the customer to bring the account current. If no action is taken, the account becomes eligible for a 24-Hour courtesy door hanger Notice followed by disconnection for non-payment.
- Customers may enter into a maximum of 3 separate payment arrangements to avoid further collection activity on the account. Further collection activity is avoided when the terms of the agreement are not broken.

Legal Requirements:

Austin Energy and Austin Water are committed to helping customers maintain service; however, utility bond covenants, City Code, state law and the Texas Constitution do not allow the City to provide free utility service or lend the City's credit. When utility bills are not paid the City pursues collection with a variety of processes to ensure payment occurs. However, the longer the City carries the debt/account receivable without consistent or effective means to collect it, the closer the threshold of de facto providing free water service.

Historical Suspension of Utility Service Termination for nonpayment:

Prior to 1988, the City of Austin had a phased approach to disconnection of utility services for late or non-payment. After 30 days of late or non-payment, the electric service was disconnected, then after an additional 30 days, the water service was disconnected. After 1988, the City of Austin began disconnecting electric and water service for late or nonpayment at the same time after 35 days. Since this process began there have been two periods in which disconnection of utility service has been suspended due to utility billing system conversions.

In September 1999, the City suspended disconnections for a period of two years due to the implementation of the CIS billing system. Again in August 2011, the City suspended disconnections for a period of twenty-one months, reinstituting the disconnection process in May 2013. This most recent suspension in disconnects was due to the implementation of the current CC&B billing system.

In addition to the service disconnection suspensions due to billing system conversions, City Code Chapter 15-9 contains provisions for utility service disconnection moratorium during extreme weather conditions - excessive heat and freezing temperatures.

Effect on Accounts Receivable during cessation of utility service disconnects:

The chart in **Appendix C** illustrates the cyclical effect of disconnects moratoriums for excessive heat on the City's utility accounts receivable. During the disconnect moratoriums over these pre-CC&B 5 historical years, the accounts receivable over 30 days increased significantly. Following the disconnect moratoriums, the accounts receivable balances slowly decrease to pre-moratorium levels over the remaining months of the year.

In the 2011 calendar year the City experienced 85 days of 100 plus degree temperatures, breaking the 69 day record in 1925. Thus the City performed utility service disconnections for only 5 days during the summer months of June through August. The effect of this moratorium increased the total utility debt balance from \$12 to \$25 million.

D. Survey of other City practices:

Austin Water and Austin Energy staff conducted surveys of Texas cities to determine current practices for disconnection of water services. The results indicate that all Texas cities surveyed have practices of disconnecting water service for nonpayment.

The other national municipal utilities surveyed have practices of disconnecting water service for nonpayment, with some using a phased approach by disconnecting certain services before others.

The chart in **Appendix D** provides the cities surveyed and the results.

E. Austin Energy readiness for remotely disconnecting electric service:

The September 26, 2013 Resolution states that currently a city truck must be dispatched to disconnect electric and water service, but that in the near future Austin Energy will be able to remotely connect and disconnect electric service at many buildings.

Austin Energy currently has 428,000 automated meters throughout its service territory, 20,000 of which are remote service connect/disconnect ready. Within the next 5 years AE plans to replace an additional 108,000 of its automated meters with two-way meters capable of remote service disconnection.

If you have any questions or need additional information, please reach out to either of us.

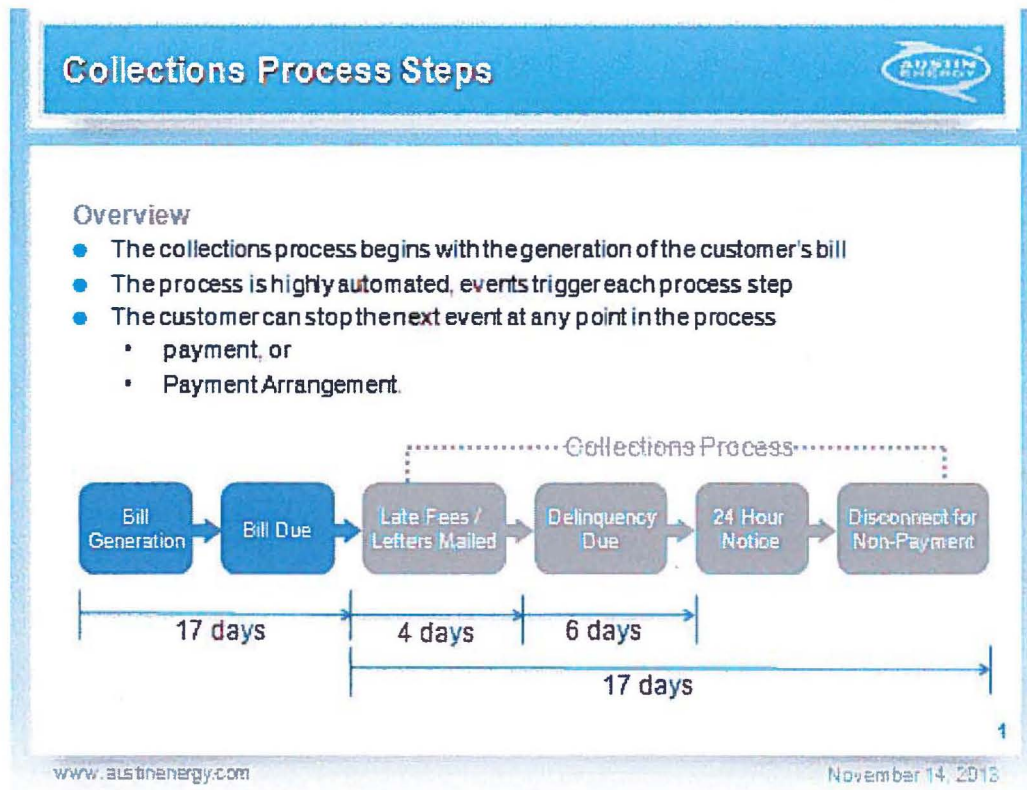
Appendix

Appendix A: Options for curtailing water disconnection due to late or nonpayment of utility bills:

| <u>Option # 1</u> | <u>Pros</u> | <u>Cons</u> |
|---|--|---|
| <p>Discontinue disconnection of residential water service</p> <p><u>Description:</u> The practice of disconnecting water service for nonpayment would be discontinued; the practice of disconnecting electric service would continue</p> | <p>Water service will not be disconnected for residential AWU customers</p> <p>Increased access to safe drinking water regardless of payment status with City</p> <p>Adequate sanitation and good hygiene would be available to residential customers regardless of payment status with City</p> <p>Cost savings from reduced field trips to disconnect electric and water services when Austin Energy can remotely disconnect their electric meters</p> | <p>Reduced motivation for customers to pay for water service</p> <p>Increase in outstanding accounts receivables, e.g. decreased cash flow will affect all COA utilities billed</p> <p>Currently 30,000 customers receiving only water service from COA, e.g. no electric service to disconnect</p> <p>Water Conservation disincentive</p> <p>Higher overall future rate increases for water and sewer</p> <p>Multi-family and commercial customers will remain subject to service disconnection</p> <p>Requires extensive modification to base CC&B with additional cost</p> <p>Inconsistent with Major Texas cities</p> |
| <u>Option # 2</u> | <u>Pros</u> | <u>Cons</u> |
| <p>Modify disconnection process:</p> <p><u>Description:</u> Allow for continued disconnection of water service under selected restrictions, which could include the following:</p> <ul style="list-style-type: none"> • Implement a phased disconnect approach where electric is disconnected first with water disconnected after a specified period of time (e.g. electric 35 days, water 70 days) • Disconnect "water only" customers for nonpayment (e.g. | <p>Continues the practice of water disconnects, but provides limitations which would reduce overall number of water disconnects below the current 7-8% of customers in any given month</p> <p>Protects customer from incurring additional debt</p> <p>Phased approach would allow for more time before water service is disconnected</p> <p>Disconnecting water only</p> | <p>Reduced motivation for customers to pay for water service</p> <p>Outstanding accounts receivables, e.g. decreased cash flow will affect all COA utilities</p> <p>Austin Water would have no leverage for water only customers who are not also Austin Energy customers</p> <p>Water Conservation disincentive</p> <p>Higher overall future rate increases for water and sewer</p> |

| | | |
|---|--|---|
| <p>disconnect customers that are water customers but have another electric provider such as PEC or Bluebonnet.</p> <ul style="list-style-type: none"> • Extend moratorium period, e.g. defined months, not dependent on weather; no disconnects during this period. (e.g. no disconnects of water service from April to October) | <p>customers will provide the only leverage for bill payment since AE is not electric provider</p> <p>Extended disconnect moratorium will provide more time to pay during normally higher bill periods</p> | <p>Multi-family and commercial customers will remain subject to service disconnection</p> <p>Requires modification to CC&B with additional cost</p> <p>Inconsistent with Major Texas cities</p> |
|---|--|---|

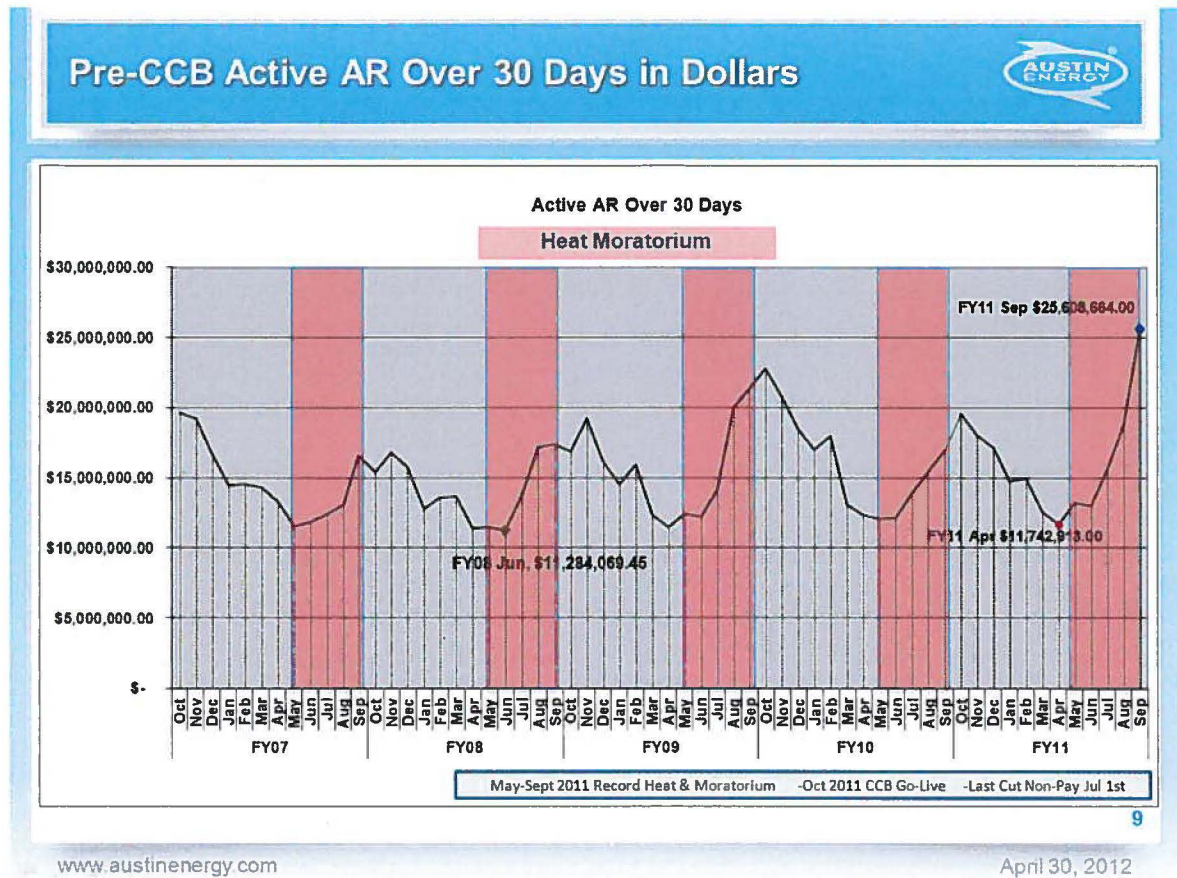
Appendix B: Overview of Collections Process:



Summary:

- Accounts are reviewed daily for appropriate collection event creation.
- If payment is not received after the bill due date, a late fee is calculated on metered services and is assessed on current amounts due.
- Customers who pay their bills late will receive either a Friendly Reminder or a Delinquent letter. The frequency of account delinquency and overall activity on the account determines which letter is mailed to the customer. Both letters provide an additional 10 days for the customer to take action and avoid further collection activity.
- After the Delinquent 10-Day Letter due date has lapsed, a field order is produced for delivery of a 24-Hour Notice courtesy door hanger to be delivered within the next few business days.
- After delivery of the 24-Hour Notice courtesy door hanger the account is reviewed again to detect payments or the setup of a Payment Arrangement (PA). If neither exists, a field order to disconnect for non-payment is dispatched to be completed within the next few business days

Appendix C: Pre-CC&B Active Accounts Receivable balances that are over 30 days old



The chart above illustrates the cyclical effect of disconnects moratoriums for excessive heat on the City's utility accounts receivable.

During the disconnect moratoriums over these pre-CC&B 5 historical years, the accounts receivable over 30 days increased significantly, generally doubling the pre-moratorium levels.

Following the disconnect moratoriums, the accounts receivable balances slowly decrease to pre-moratorium levels over the remaining months of the year.

Appendix D: Surveys conducted of other Texas cities and national municipal Utilities:

| Texas City / Utility | Major utility services billed | Disconnect water services (Residential and Commercial) |
|---|--------------------------------------|---|
| City of Austin | Electric / water/ sewer/ trash | Yes |
| Brownsville Public Utility | Electric/ water/ sewer/ trash | Yes |
| Dallas Water Utility | Water/ sewer/ trash | Yes |
| El Paso Water Utility | Water/ sewer/ trash | Yes |
| Fort Worth Water Utility | Water/ sewer/ trash | Yes |
| Houston Water Utility | Water/ sewer/ trash | Yes |
| San Antonio Water Utility | Water/ sewer | Yes |
| Other national municipal utilities | Major utility services billed | Disconnect water services (Residential and Commercial) |
| Colorado Springs | Electric / gas / water / sewer | Yes, phased with electric disconnected first |
| Jacksonville Electric Authority | Electric / water / sewer | Yes |
| Knoxville Utilities Board | Electric / gas / water / sewer | Yes |
| Los Angeles Department of Water & Power | Electric / water | Yes |
| Memphis Light, Gas & Water | Electric / gas / water | Yes, phased with water disconnected last |
| Orlando Utilities Commission | Electric / water | Yes |
| Seattle Public Utilities | Water / sewer / trash | Yes, phased with electric first and water 10 days later |

ORDINANCE NO. 20131205-007

AN ORDINANCE AMENDING CITY CODE CHAPTER 15-9 REGARDING UTILITY DEFERRED PAYMENT AGREEMENTS AND THE PROVISION AND RESTORATION OF UTILITY SERVICE, AND PROVIDING FOR EMERGENCY PASSAGE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

PART 1. Subsection (C) of City Code Section 15-9-31 (*Utility Service Provided*) is amended to read:

- (C) The City may refuse to provide utility service to a service address if the applicant owes money to the City for utility service previously provided to the applicant. The City [~~may agree to~~] shall provide utility service under this section if the applicant has entered into a deferred payment agreement.

PART 2. City Code Section 15-9-112 (*Restoration of Service*) is amended to add a new Subsection (D) to read:

- (D) If a residential customer participates in or meets the qualifications for the utility's customer assistance program, the City shall restore disconnected utility service if the customer enters into a deferred payment agreement, which shall not require a reconnection fee or pre-payment of a deposit as a condition for the agreement.

PART 3. City Code Section 15-9-144 (*Deferred Payment Agreement*) is amended to add new Subsections (D), (E), and (F) to read:

§ 15-9-144 DEFERRED PAYMENT AGREEMENT.

- (D) A deferred payment agreement shall allow a residential customer to make reasonable payments toward past due balances.
 - (1) Except as provided by subsection (E), equal payment installments over a period of 24 months shall be presumed to be reasonable if a residential customer is unable to meet the payment arrangements as proposed under existing guidelines.

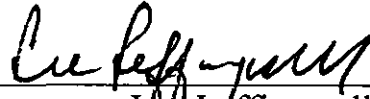
- (2) The first equal installment under a deferred payment agreement shall be due as a down payment.
- (E) A deferred payment agreement with a residential customer who participates in or qualifies for the City's customer assistance program shall not require a monthly payment that exceeds 5% of the U.S. Department of Health and Human Services monthly poverty guideline for a single person household.
- (F) The utility shall renegotiate a deferred payment agreement if the customer can demonstrate a bona fide need for payment relief arising during the term of the agreement, such as:
 - (1) a serious illness or injury suffered by the customer or a member of the customer's household;
 - (2) loss of employment;
 - (3) economic loss due to natural disaster;
 - (4) domestic violence against the customer;
 - (5) a commitment by an independent program to assist the customer with payment that requires terms other than those in the deferred payment agreement;
 - (6) qualification for the utility's customer assistance program, even if the customer is denied access because of lack of program funds.
- (G) The deferred payment terms and conditions set forth in this section are minimum standards to protect residential customers. This section does not prohibit the utility from providing different repayment terms if the customer consents to those terms.

PART 4. Council finds that the need to implement immediate relief regarding deferred payment agreements constitutes an emergency. Because of this emergency, this ordinance takes effect immediately on its passage for the immediate preservation of the public peace, health, and safety.

PASSED AND APPROVED

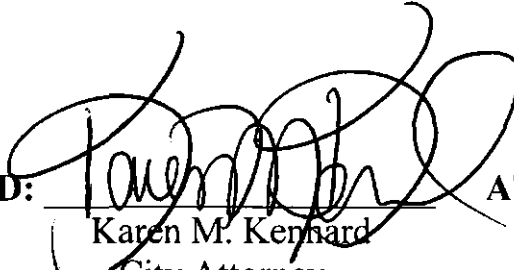
December 5, 2013

§
§
§


Lee Leffingwell

Mayor

APPROVED:


Karen M. Kennard
City Attorney

ATTEST:


Jannette S. Goodall
City Clerk



Collections Overview

Disconnection and Reconnection Process

Special-Called City Council Meeting
December 5, 2013



City of Austin Utilities
Online Customer Care

Manage **all** of your City of Austin utilities in **one place**,
anytime and **anywhere** you have Internet access.



Register now to:

- Create your login
- Pay your bill securely
- Start or manage your services
- View eBills
- Track your usage

[Register](#)

[Log In](#)

[Learn more about your City of Austin utilities](#)

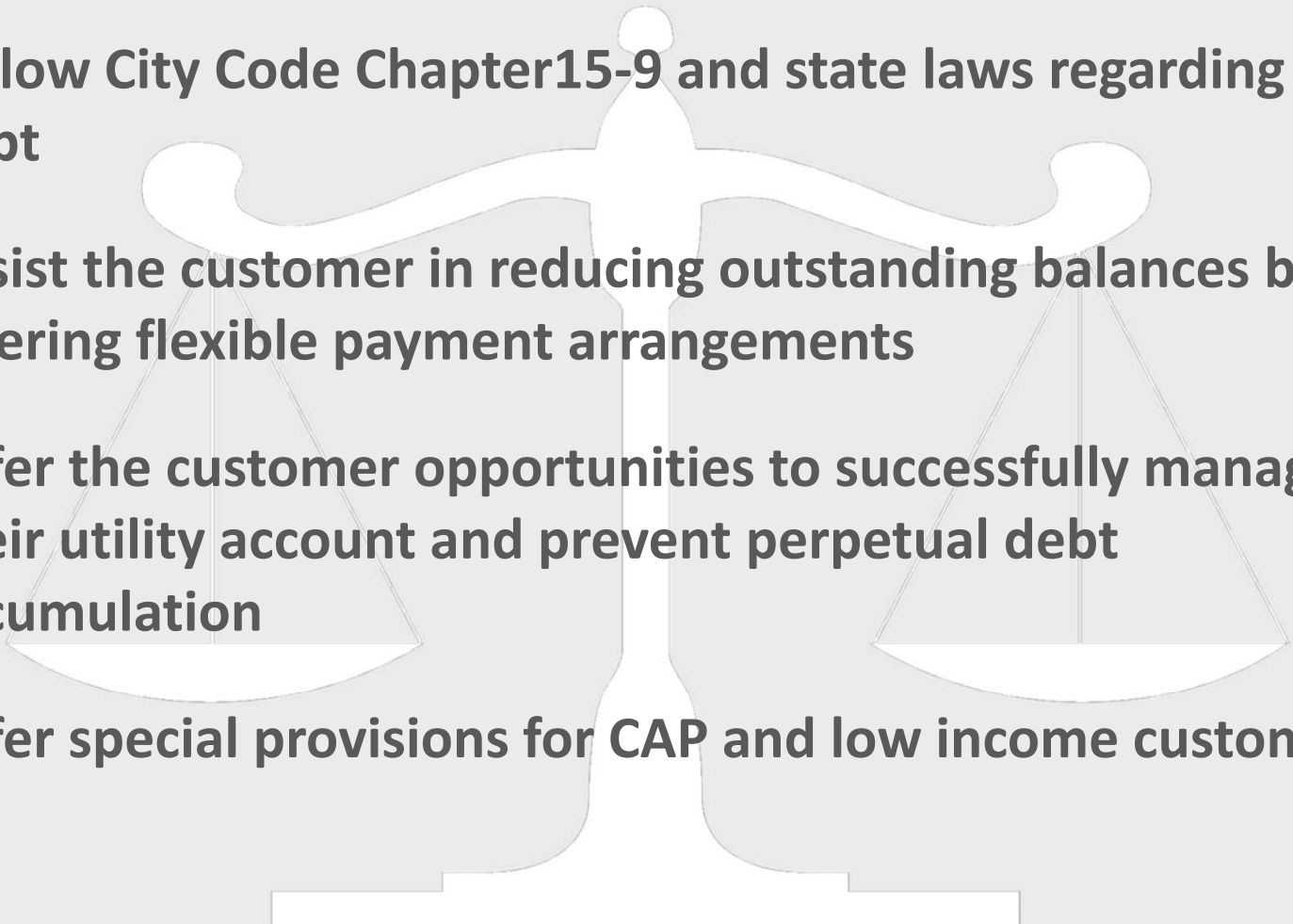


Larry Weis, Austin Energy General Manager

Mission: Deliver clean, affordable, reliable energy
and excellent customer service.



Goals

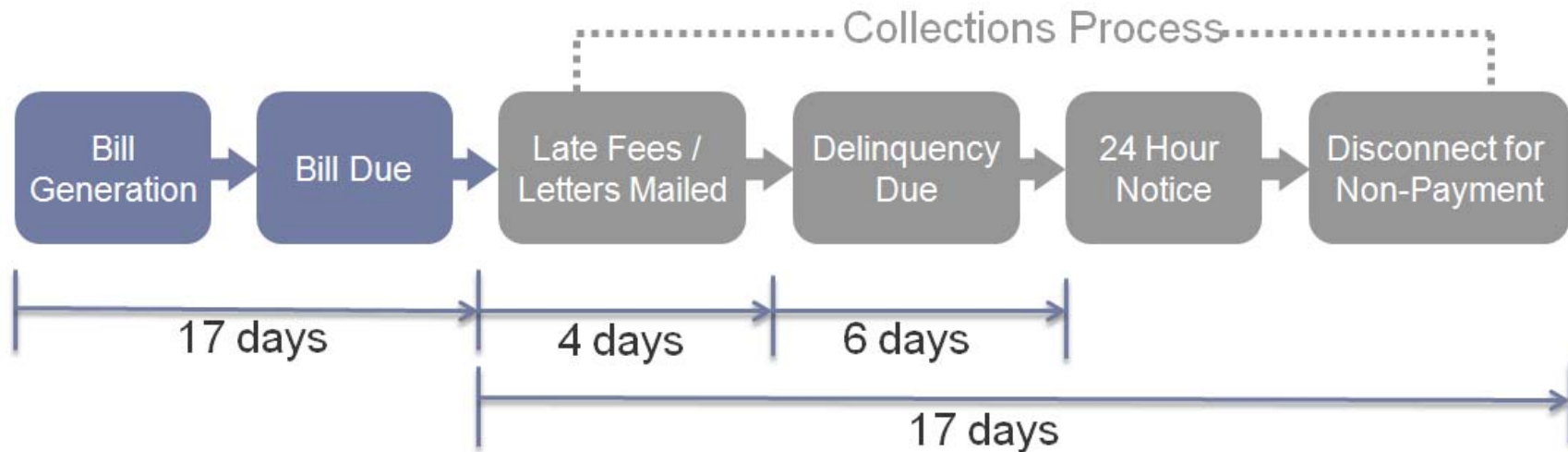
- 
- A large, faint, white graphic of a balance scale is centered in the background of the slide, behind the list of goals.
- **Follow City Code Chapter 15-9 and state laws regarding utility debt**
 - **Assist the customer in reducing outstanding balances by offering flexible payment arrangements**
 - **Offer the customer opportunities to successfully manage their utility account and prevent perpetual debt accumulation**
 - **Offer special provisions for CAP and low income customers**



Collections Process Steps

Overview

- The collections process begins with the generation of the customer's bill
- The process is highly automated, events trigger each process step
- The customer can stop the next event at any point in the process by either making payment in full or requesting a Payment Arrangement.

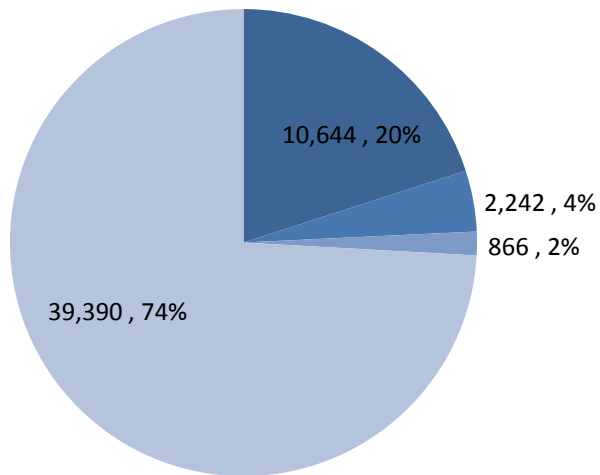




How Does a Disconnect Occur?

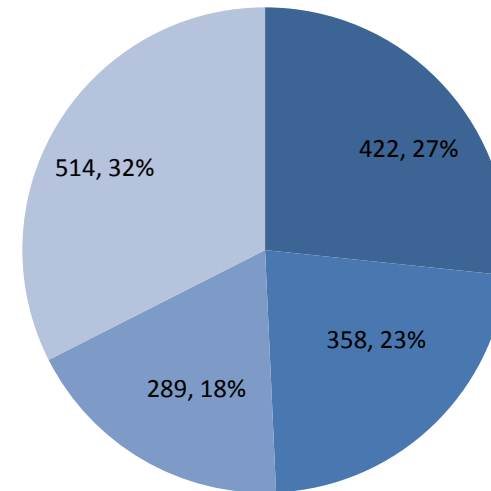
- Bill is not paid by due date
- No response to delinquent payment reminder
- No response to 24-hour notice
- Customer does not request a payment arrangement

August 2013
Customer Behavior - FTNs



August 2013
Customer Behavior – 24-Hour Notice

- Paid account
- Set up Payment Arrangement
- Set up Payment Plan
- Took no action



- On average 14% of the total residential customers enter into the collections process each month



Residential Disconnections

- The current policy and guidelines work together to minimize the number of customers that reach the point of disconnection.
- In September 2013 the percent of disconnected customers was 0.46%.

| Residential Disconnections | | | | | |
|----------------------------|-------|-----|----------------|-------|-----|
| | 2010 | | 2011 - 2012 | 2013 | |
| | Total | CAP | | Total | CAP |
| July | 2753 | 113 | No Disconnects | 447 | 31 |
| August | 655 | 23 | No Disconnects | 673 | 60 |
| September | 4112 | 126 | No Disconnects | 1710 | 182 |

* There was no collection activity between August 2011 – May 2013. In July 2011 there were 147 total disconnects.



Interim Customer Protections

- Regular payment arrangements suspended since June 2012
- Special payment arrangements in place which allow a longer (12+ months) repayment period
- Customer has 3 payment arrangement opportunities per outstanding balance
- For customers disconnected for nonpayment, a fourth payment arrangement is offered without a 50% down payment requirement
- The extreme weather moratorium will be invoked on days where the forecasted temperature is below 32 degrees Fahrenheit or below 35 degrees with 50% precipitation



Payment Arrangement (PA)

- On November 26, 2013, Austin Energy implemented an Interim PA policy through May 2014

| | Regular Policy | Suspension Period (Jun 2012 – Nov 2013) | Interim (Dec 2013 – May 2014) |
|---|-----------------------|---|---|
| Number of Monthly Installments ^[1] | Up to 8 | Up to 12 | 12+ |
| Number of Payment Arrangements Allowed | 1 | 3 | 4 |
| Down Payment Required | Yes | Yes | No |
| Must bring Account Current for a New PA | Yes | No | No |
| Eligible If Service Is Disconnected | No | Yes | Yes |

[1] This is the maximum that may be offered by a Customer Service Representative; Additional installments may be available for customers in Low Income, Medically Vulnerable or Life Support Programs through Austin Energy's Customer Solutions Management Team.



Payment Arrangement (PA) Data

- In month of September, there were about 17,021 Payment Arrangements of which 4,993 had 3 PAs, about 1.3% of our total residential customers.

Data for Multiple Payment Arrangements as of September 2013

| | | | Total # | % of Total PAs | % of Total Residential Accounts |
|-------------------------------|--------------------|--------------------|---------|----------------|---------------------------------|
| Total of 3 PAs: | | | 4,993 | 29% | 1.3% |
| Number of accounts that have: | | | | | |
| 1 st PA | 2 nd PA | 3 rd PA | | | |
| Completed | Broken | Active | 57 | 1% | .0003% |
| Broken | Broken | Active | 2918 | 17% | .08% |
| Broken | Broken | Completed | 750 | 5% | .02% |
| Broken | Broken | Broken | 1268 | 7% | .03% |



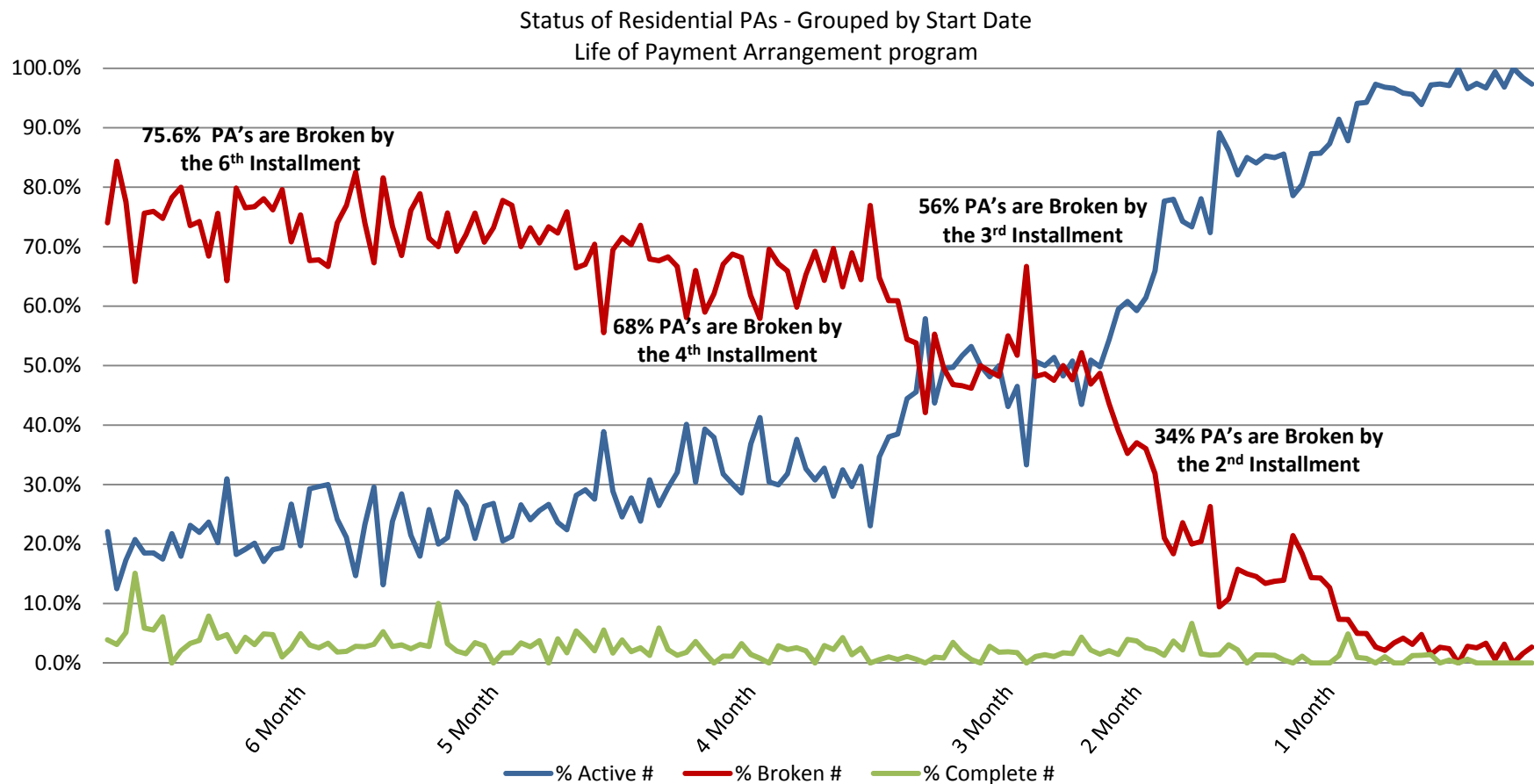
Proposed Ordinance - Concerns

- Will expand the number of customers who may delay payment and focus on payment arrangements beyond the current policy
- Limits staff's ability to negotiate a repayment solution best suited for the customer balanced with the staff's fiduciary responsibilities of best practice for receivables management
- Increases program costs due to:
 - Need to verify proof of hardship
 - Continual renegotiation of payment arrangements
- Creates a cycle of perpetual debt through unlimited payment arrangements



Broken Payment Arrangements

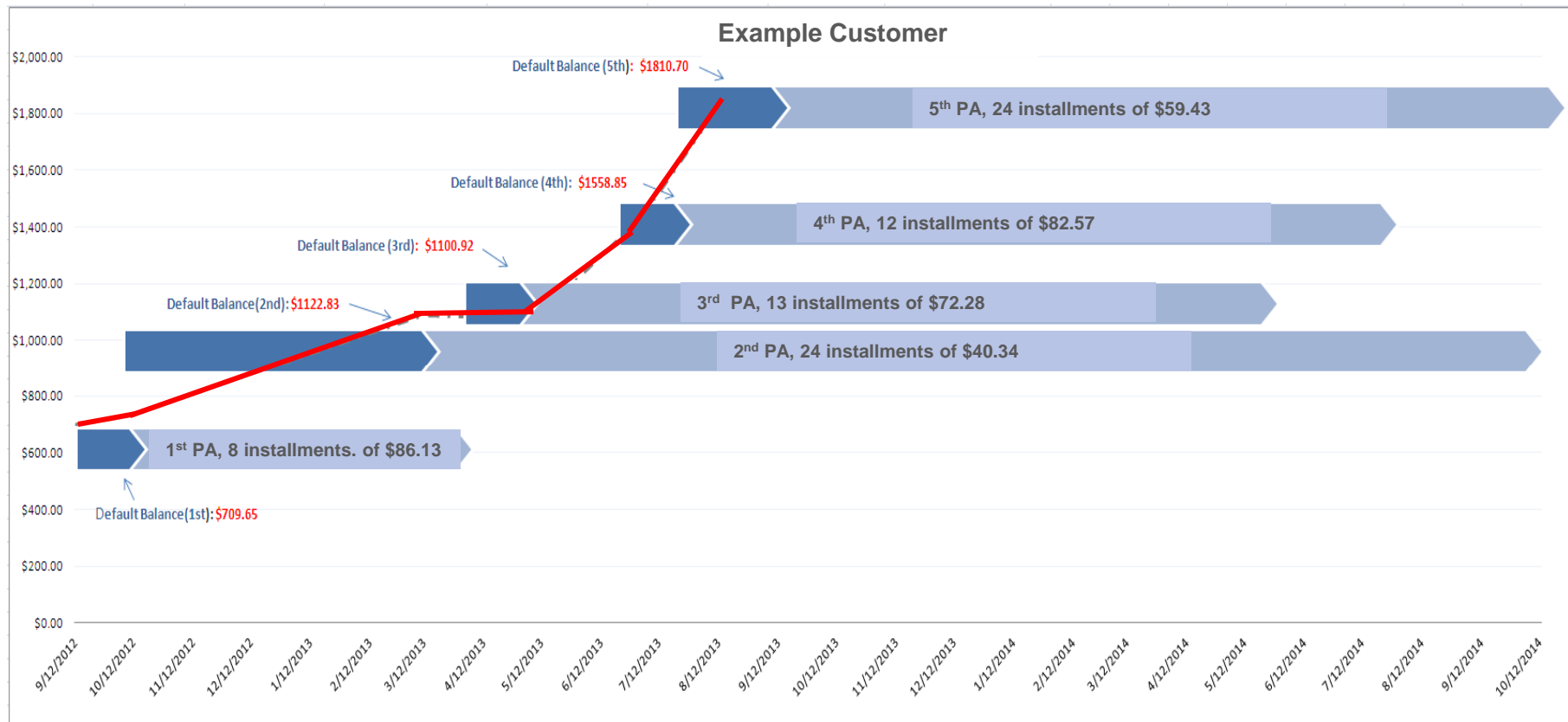
- The longer the PA, the greater the potential for default





Multiple Payment Arrangements

- Customers with multiple broken payment arrangements can end up owing more than when they started



Note: each payment arrangement includes past debt plus an unpaid current bill amount



Summary/Recommendation

Summary

- Collections process has been reinstated and gradually ramped up since May 2013
- Austin Energy has the most flexible payment arrangement practices compared to other leading utilities in the industry
- Payment arrangements are a viable tool to manage a customer's account. However, multiple PAs have an adverse effect on a customer's outstanding balance

Recommendation

- Proceed with fulfilling the Resolution by working with the community advocates on policy for payment arrangements for CAP and low income customers



Thank you!

Questions?

City of Austin - Austin Energy

Customer Care Center

721 Barton Spring Rd.

Austin, Texas 78704-1194

p. 512-494-9400





Same Day Reconnection

Council Committee Austin Energy Meeting

Elaine Kelly-Diaz
Customer Account Management
May 2014





Overview of Disconnect for Non-Pay & Reconnect Field Activities

AE's Response to AELIC RFI No. 10-13
Attachment 1
Page 105 of 265

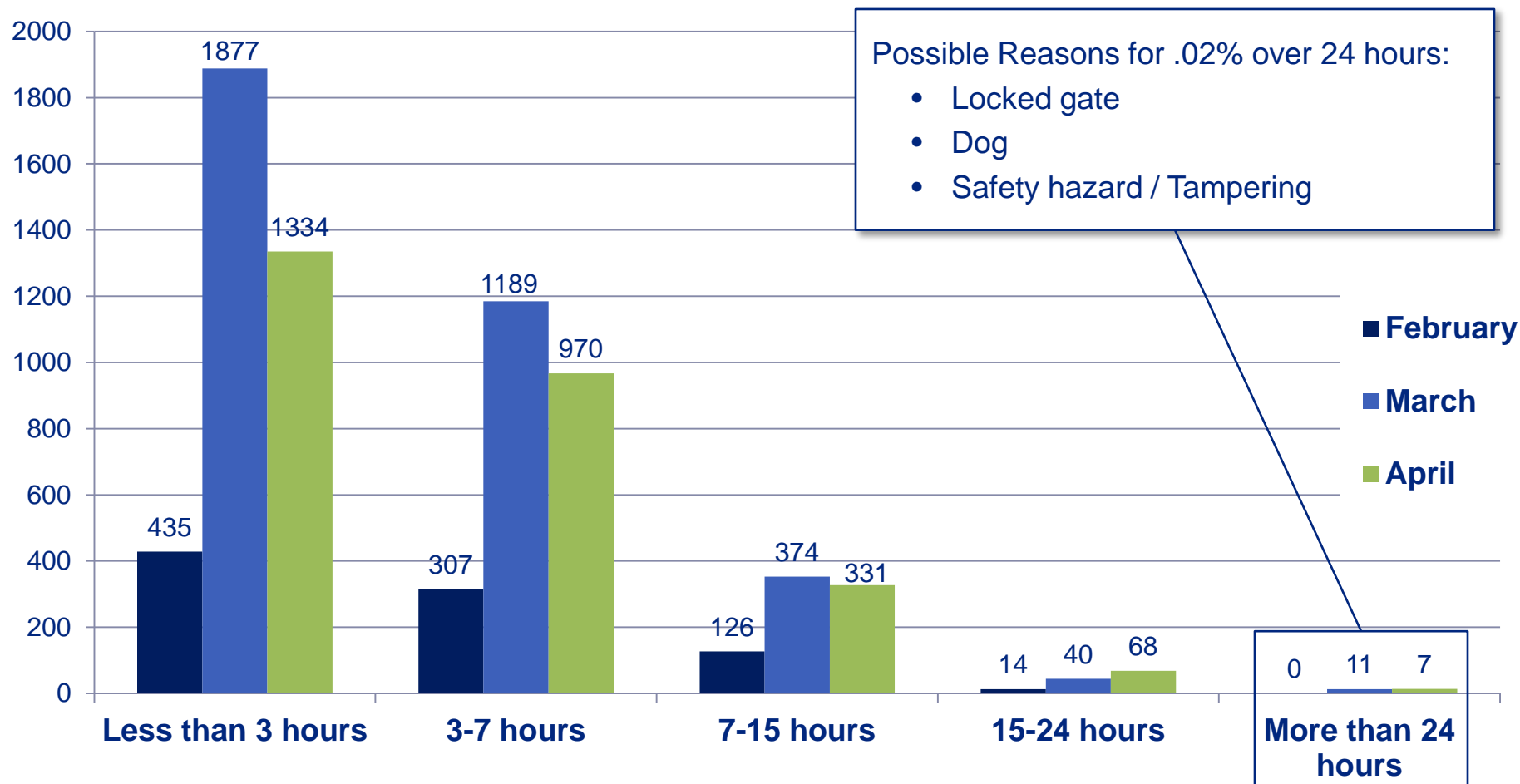
| 2014 | February | March | April |
|--|-----------------|--------------|--------------|
| Total Disconnects for Non-Pay per Month | 1073 | 4108 | 2976 |
| Total Reconnects per Month | 882 | 3491 | 2710 |
| Reconnects Completed Same Calendar Day | 877 | 3473 | 2699 |
| % Completed Same Calendar Day | 99.4% | 99.5% | 99.3% |
| % Completed within 24 hours | 100% | 99.7% | 99.6% |

Same Day Reconnect Fee was discontinued in October 2013.



Reconnect Completion Time

On average, 99.4% of Reconnects are completed same calendar day and 99.8% are completed within 24 hours.





Process Changes

- In field services, reallocated existing resources and created new shifts allowing for extended hours:
Monday through Friday: 7:00am to 10:00pm
Saturday: 7:00am to 4:00pm
- Recognized additional over time costs
- Improved field work technology
- Monitor Disconnect for Non-Pay levels to ensure ability to complete daily Reconnects



Escalations: February – April 2014

Same Day Reconnect
Customer Escalations:

| February | March | April |
|----------|-------|-------|
| 4 | 1 | 2 |

- Of the 7 Escalations, 6 were Reconnected Same Day. The 1 exception was due to a locked gate.
- No Citizen Assistance Forms (CAFs) were submitted during this period for Same Day Reconnect issues.



Communication to Agents

Current

- Reconnect Field Activities are submitted as orders to be completed same day.
- If these activities cannot be completed same day, they will be completed the next business day.

Proposed

- All Reconnect Field Activities **received by 5pm** will be completed on the same day.
- Reconnect Field Activities **received after 5pm** will be completed on the next business day.



Utility Customer Debt

Council Committee on Austin Energy

June 23, 2014





Overview

- Key Understandings

[Standard Collections Process \(Active\)](#)

- How Did We Get Here?

- Extended Weather Moratoriums
- System Conversion
- Collection Activity Moratorium Associated With System Conversion

- Current Challenges

- What Are We Doing About It?

- Collections Efficiencies Gained
- Collections Forecasts
- Collections Expectations



Key Understandings

- **Bad Debt Expense**

An accounting estimation of uncollectible Accounts Receivable (unpaid utility bills) reflected in each department's fund summary as an operating requirement.

- **Budget Forecast Process:**

- Utility-related Bad Debt Expense is trued up on an annual basis
- Bad Debt Expense forecast through FY19 has been provided to City Departments
- Larger than normal adjustment because of increased A/R balances, change to allowance calculation methodology, and reporting issues
- Consultants are currently on board to improve aging reporting (mid-April through July)



Forecast – Bad Debt Expense

| | FY2013 Adjusted | FY2014 CYE | FY2015 Forecast* | FY2016 Forecast* | FY2017 Forecast* | FY2018 Forecast* | FY2019 Forecast* |
|-----------------------|----------------------------|-----------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Electric | \$17,178,827 | \$17,178,827 | \$14,441,455 | \$11,704,083 | \$8,966,712 | \$6,229,340 | \$3,491,968 |
| Water | \$1,655,064 | \$1,655,064 | \$1,555,049 | \$1,455,034 | \$1,355,020 | \$1,255,005 | \$1,154,990 |
| Wastewater | \$1,336,139 | \$1,336,139 | \$1,295,644 | \$1,255,148 | \$1,214,653 | \$1,174,157 | \$1,133,662 |
| ARR | \$1,829,871 | \$1,829,871 | \$1,631,301 | \$1,432,731 | \$1,234,160 | \$1,035,590 | \$837,020 |
| Drainage | \$1,337,374 | \$1,337,374 | \$1,256,673 | \$1,175,972 | \$1,095,270 | \$1,014,569 | \$933,868 |
| Transportation | \$915,292 | \$915,292 | \$915,292 | \$915,292 | \$915,292 | \$915,292 | \$915,292 |
| Total | \$24,252,567 | \$24,252,567 | \$21,095,414 | \$17,938,260 | \$14,781,107 | \$11,623,953 | \$8,466,800 |

*Future year forecasts are not adjusted for potential rate increases or growth



How Did We Get Here?

Four drivers for current state of outstanding debt levels:

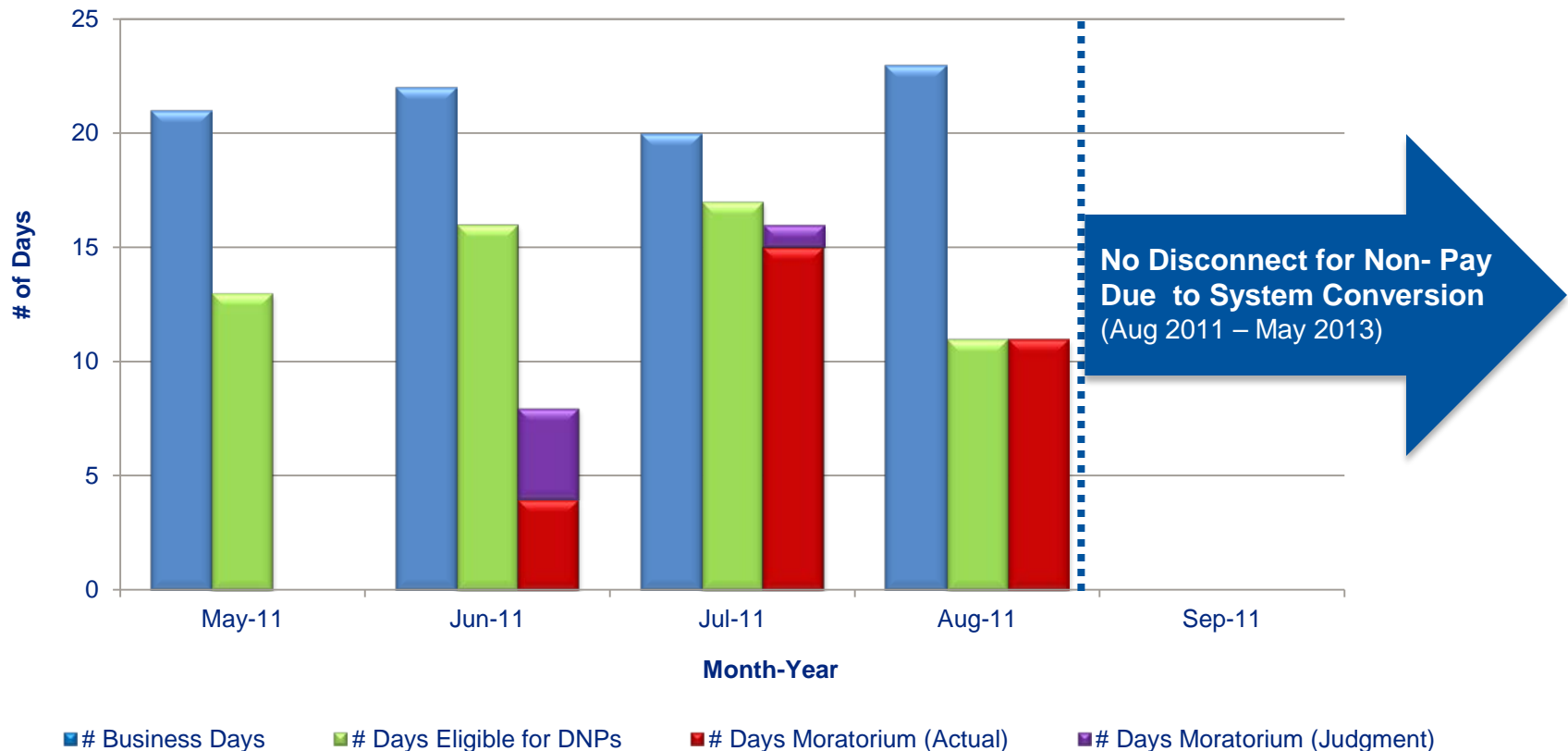
1. Summer Weather Disconnection Moratoriums (2011)
2. System conversion preparation, conversion, and stabilization (2011-2012)
3. Collections module implementation (2012-2013)
4. Summer + Winter Weather Disconnection Moratoriums (2013-2014)



How Did We Get Here?

Because of extreme summer weather in 2011, AE experienced a shorter period of disconnection dates compared with previous years.

Summer 2011 (Pre Conversion) No Disconnect for Non-Pay Activity: Number of Days

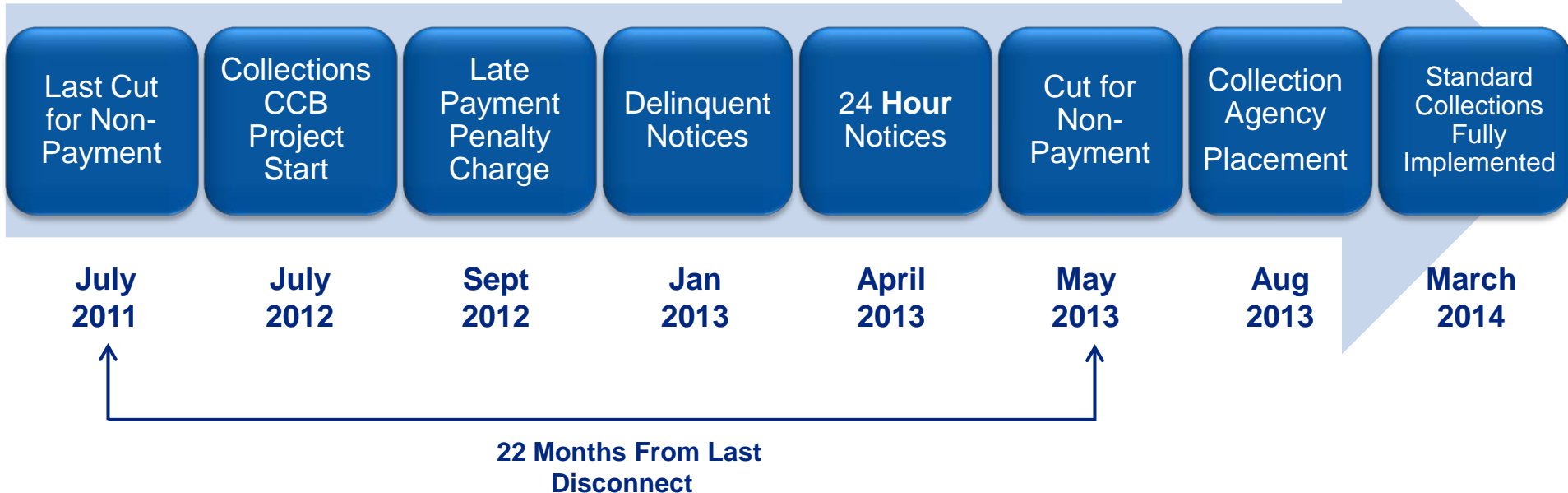




How Did We Get Here?

Standard collection practices were fully implemented over a 13 month period, using a **customer-centric phased approach**, during which:

- Delinquent balances were included on each customer's bills
- Collections efforts were communicated to customers through bill messages, letters and media
- Proactive contact approach was applied to customers with high bills, reducing number of accounts with high balances by 74%

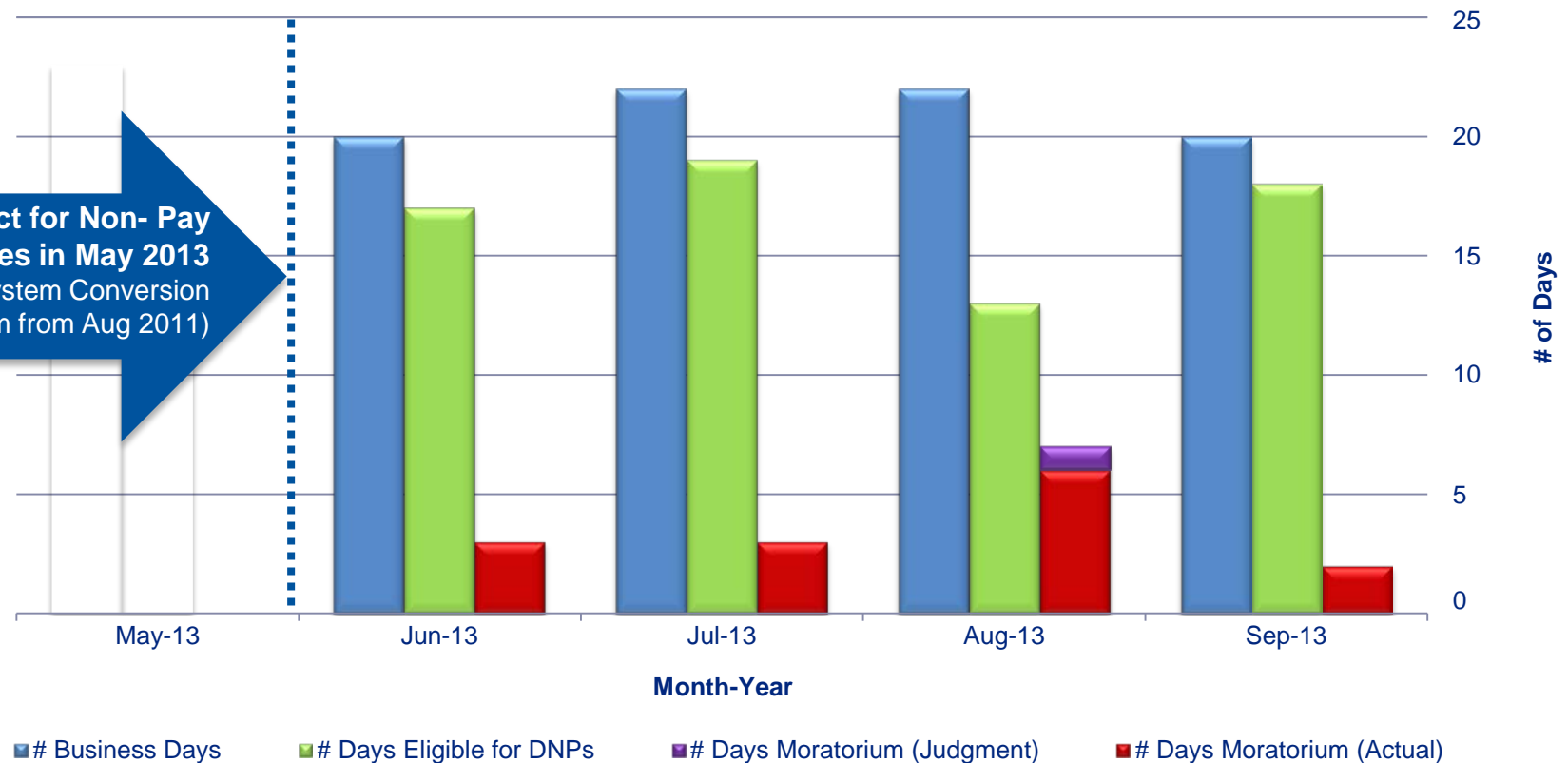




How Did We Get Here?

After Disconnect for Non-Pay activities resumed in May 2013, AE observed 15 days of moratorium for high temperatures.

Summer 2013 (Post Conversion) No Disconnect for Non-Pay Activity: Number of Days

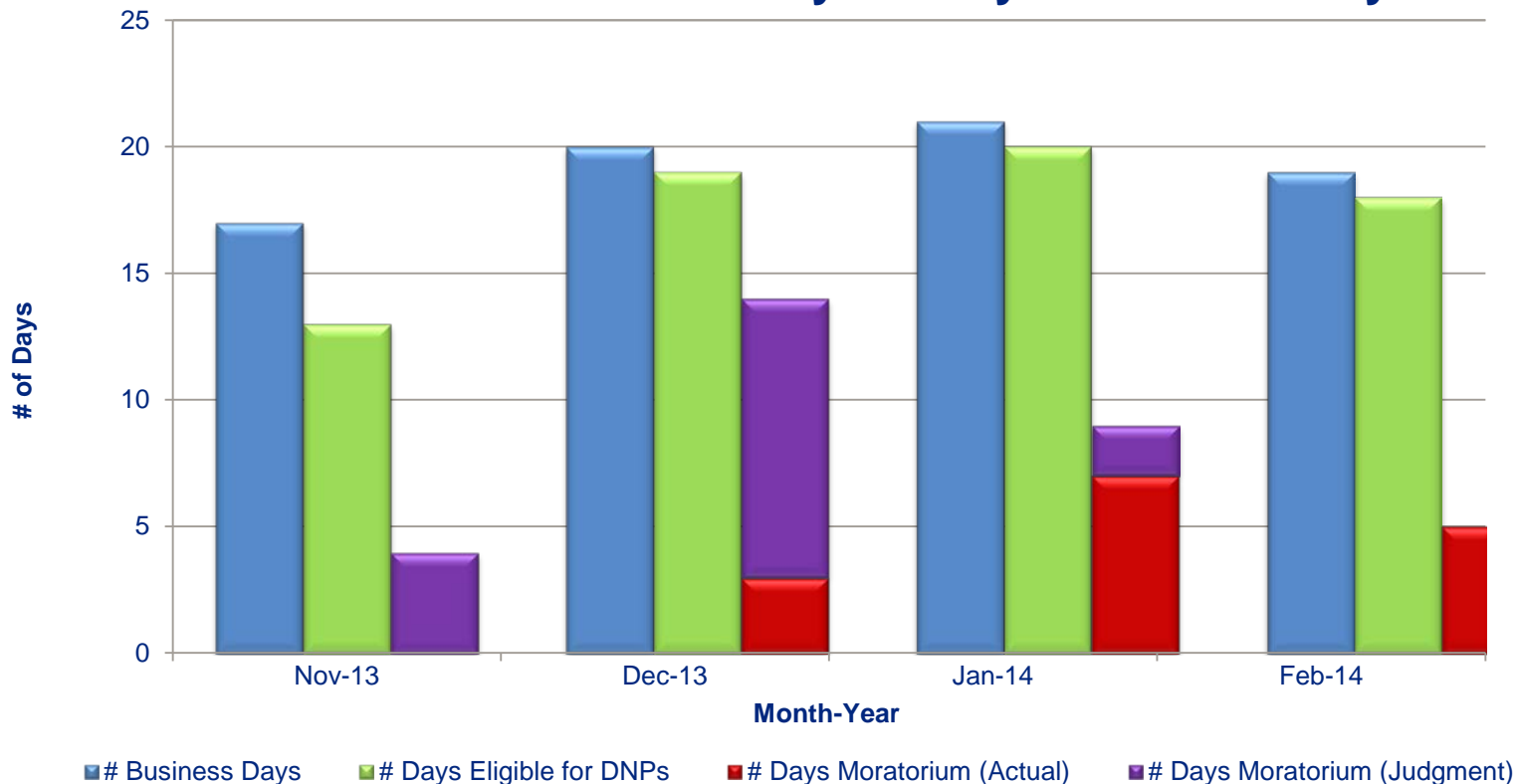




How Did We Get Here?

Although 2013 was a milder summer, extreme winter weather caused the suspension of disconnects for more days in the winter of 2014 compared to previous years.

Fall & Winter 2013 - 2014 (Post Conversion) No Disconnect for Non-Pay Activity: Number of Days





Current Challenges

- Typical high temperatures are expected for Summer 2014, resulting in:
 - Higher usage; higher bills
 - Reduced eligible disconnection days due to weather related moratorium
- In addition, Payment Arrangement & Reconnection policies have changed, resulting in:
 - No down payment requirement
 - Longer terms/smaller installments
 - Multiple opportunities to enter into additional Payment Arrangements on the same debt
 - Ability to re-establish service without first paying old debt



What Are We Doing About It?

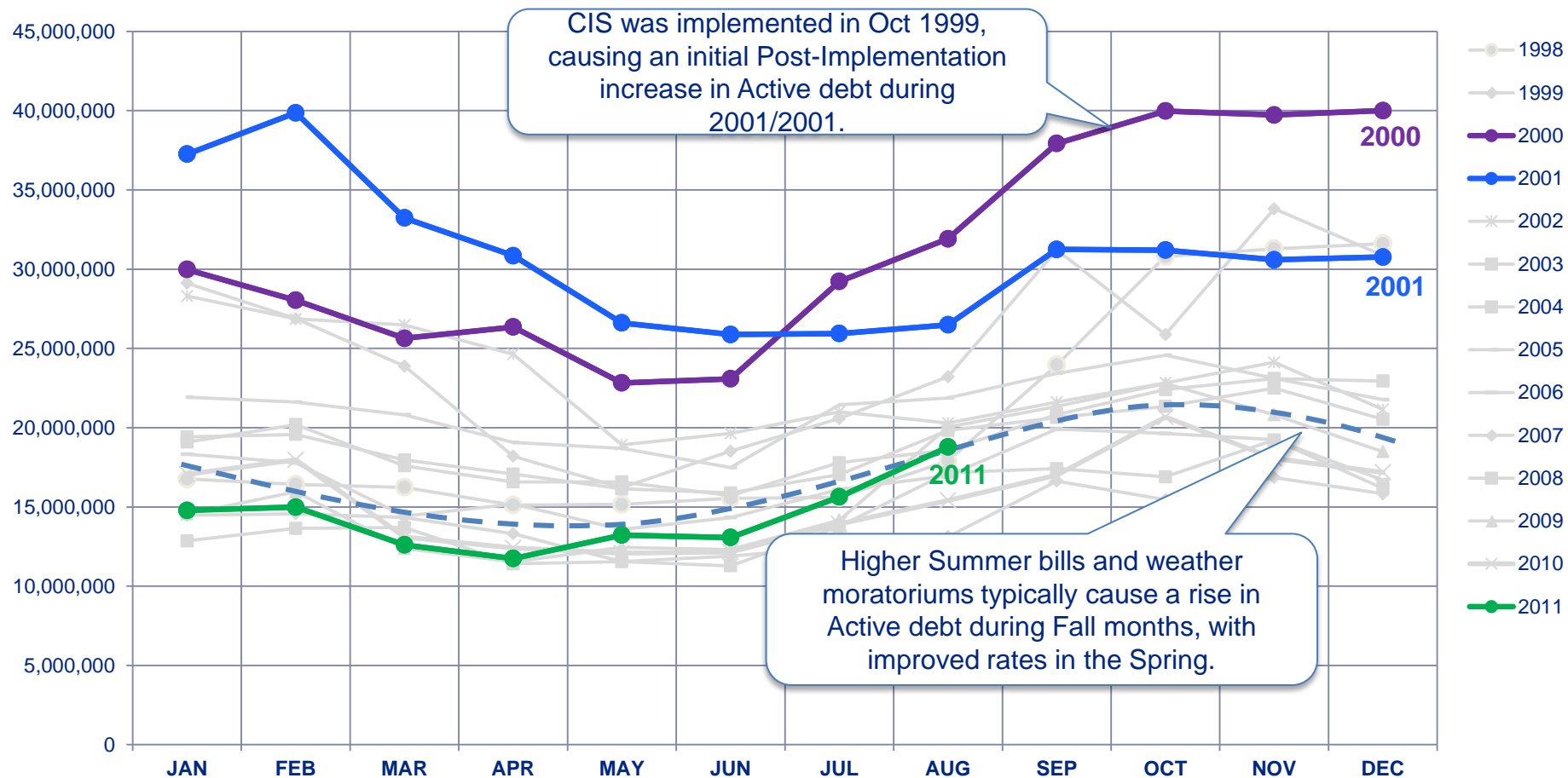
- Standard collections processes are fully implemented and highly automated
- Full collections implementation has resulted in increased payment response to collection activities
- System consultants on-site to improve aging reporting
 - Aged debt reporting segregated by type
 - Additional financial reports for collections forecasting
- Established 4 levels of outside collection efforts with 5 vendors for 'inactive' utility accounts
- Additional resources focusing on older debt collection processes
- On-site management review of collection agency vendors for quality assurance purposes



Historical Trends

Total Active A/R Over 30 Days 1998 - 2011

AE predicts future improved annual collection recovery rates for Active debt based on previous Post - CIS implementation trend upturn.





What Are We Doing About It?

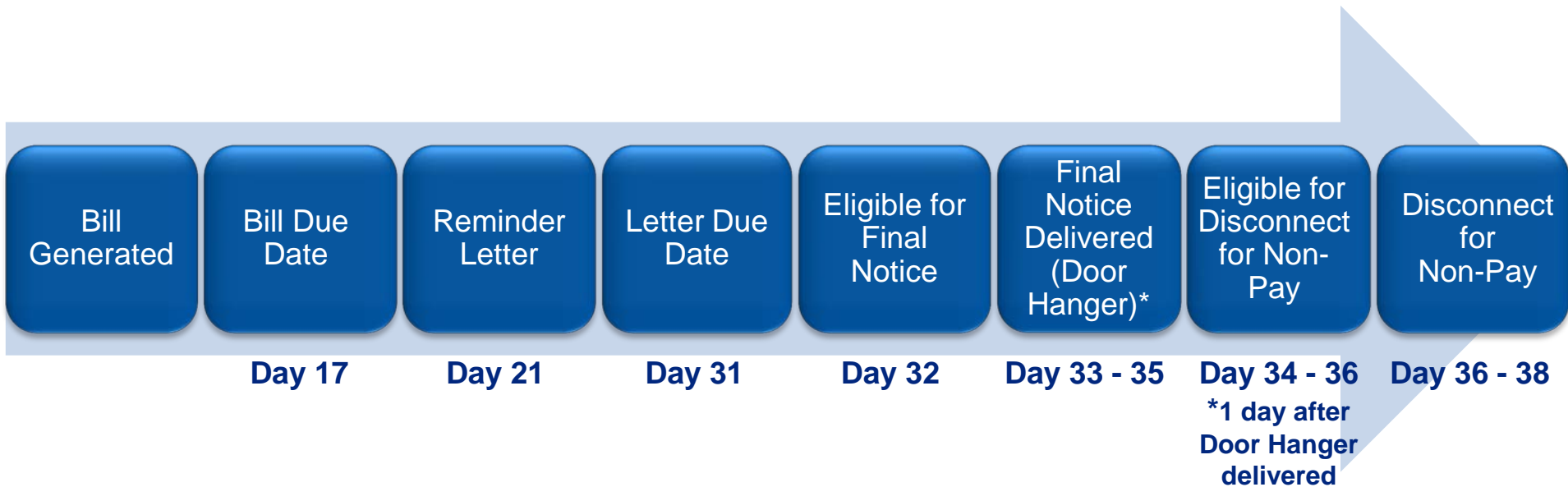
- Positive recovery is dependent on reducing restrictions to standard Collection Practices
 - Payment Arrangements
 - Disconnect / Reconnect policies
 - Aged Debt Collection
 - Deposit Assessment
- Programs are available to provide customer assistance and protection to low income and medically vulnerable customers
 - Customer Assistance Program (CAP)
 - Weatherization Program
- City must balance fiscally sound collection practices with reasonable customer protections



- Appendix A: Standard Collections Process (Active)
- Appendix B: Standard Collections Process (Inactive)
- Appendix C: Medically Vulnerable Registry (MVR)
Collections Process



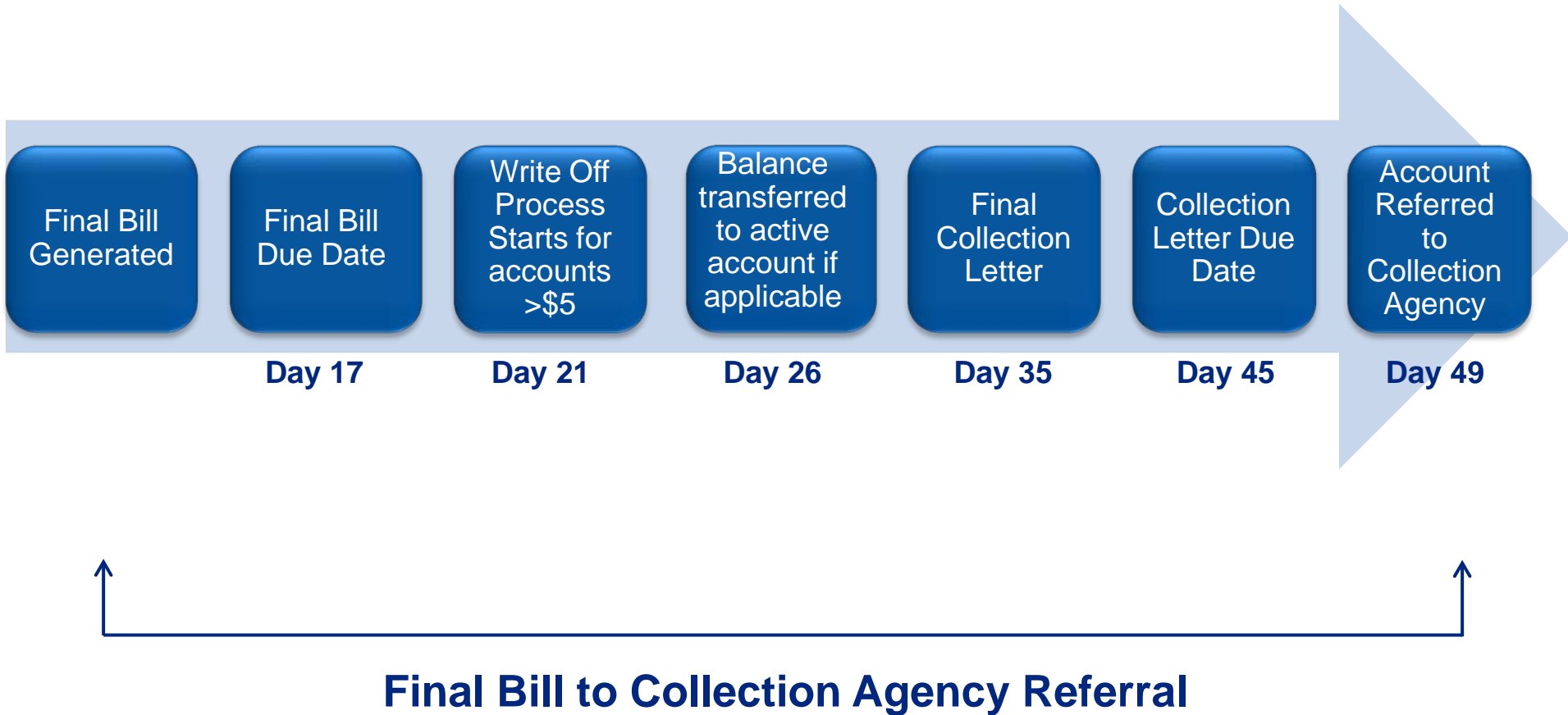
Appendix A: Standard Collections Process (Active)



Bill Generation to Disconnect for Non-Pay

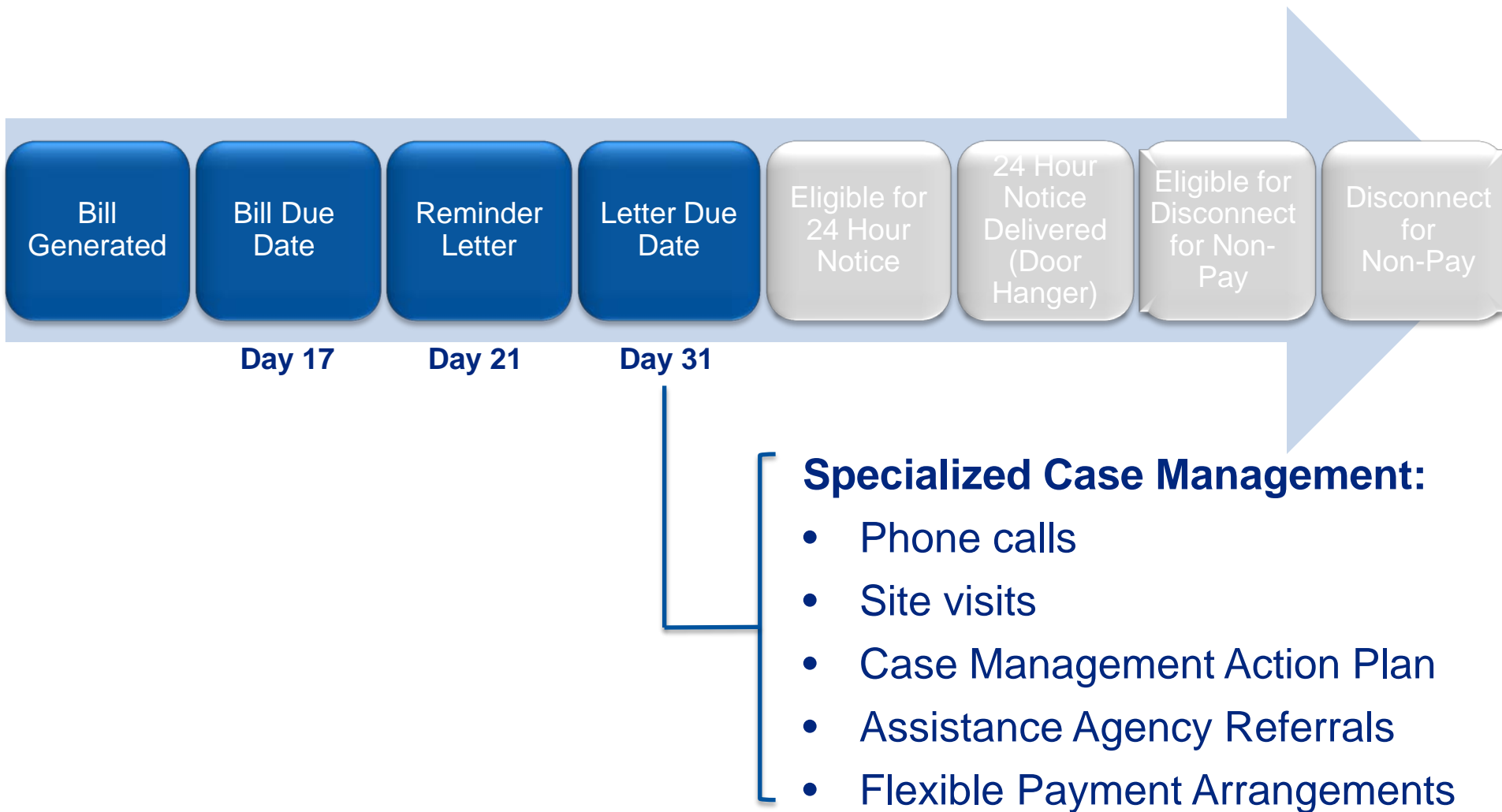


Appendix B: Standard Collections Process (Inactive)





Appendix C: Non-Standard Collections Process (MVR)





Questions?



Electric Utility Commission

August 18, 2014

Minutes

The Electric Utility Commission (EUC) convened in a regularly-scheduled meeting in the Shudde Fath Conference Room at 721 Barton Springs Road in Austin, Texas.

The meeting was called to order by Vice Chair Karen Hadden at 6:00 pm. Commissioners Butler, Fath, Heidebrecht, Osborne, Rai, and Shaw were also in attendance.

1. **APPROVAL OF MINUTES** - Approve minutes of the July 21, 2014 regular meeting. Commissioner Fath recommended amending the minutes, adding the following language: **“The meeting was called to order by Chair Bernfeld at 6:01 pm., followed by his resignation, effective as of the close of this meeting.”** Motion to approve amended meeting minutes (Fath); seconded (Rai); passed on a vote of 6-0-1 (Osborne – Abstain).
2. **CITIZEN COMMUNICATIONS: GENERAL** – *Carol Biedrzycki (3)*.

NEW BUSINESS – CONSENT ITEMS (Targeted Council Date)

Motion to recommend approval of consent agenda items 4-10, 12-14 (Rai); seconded (Fath); passed on a vote of 7-0. Following discussion of Item 3, motion to recommend approval (Rai); seconded (Heidebrecht); passed on a vote of 7-0. Following discussion of Item 11, motion to recommend approval (Rai); seconded (Shaw); passed on a vote of 6-0-1 (Fath – Abstain).

3. (8/28) Approve an ordinance amending the Fiscal Year 2013-2014 Austin Energy Operating Budget of Ordinance No. 20130909-001 to decrease the Austin Energy Operating Fund Ending Balance by \$600,000 and increase the operating expenses by \$600,000 to provide additional funding for the Voluntary Utility Assistance Fund.
4. (8/28) Approve issuance of a rebate to Apple Inc. for the installation of energy efficiency improvements at the Riata-Vista Phase I Campus and New Central Plant located at 5401 and 5501 West Parmer Lane, Austin, Texas 78727, in an amount not to exceed \$180,359.
5. (8/28) Approve issuance of a rebate to Flextronics America LLC for the installation of energy efficiency improvements at Flextronics Austin-Research located at 12455 Research Blvd., Austin, Texas 78759, in an amount not to exceed \$158,125.00.
6. (8/28) Approve issuance of a rebate to Intel Corporation for the installation of energy efficiency improvements at the AN4 Central Plant and Data Center located at 1300 S. Mopac Expressway, Austin, Texas 78746, in an amount not to exceed \$178,890.

7. (8/28) Authorize negotiation and execution of an agreement with COEUS BE Austin, LP, to provide performance-based incentives for the generation of solar energy at its facilities located at 1600 Royal Crest Drive in Austin, Texas, for an estimated \$8,047 per year, for a total amount not to exceed \$80,470 over a 10-year period.
8. (8/28) Authorize negotiation and execution of 24-month service contracts with ENTECH SALES AND SERVICE, INC., TRANE U.S. INC., and CENTRAL TEXAS COMMERCIAL A/C & HEATING INC., for the purchase of maintenance and repair services for the centrifugal chillers at Austin Energy's Sand Hill Energy Center in an amount not to exceed \$666,666 each and combined, with two 24-month extension options in an amount not to exceed \$666,666 each and combined for the first option and \$666,668 each and combined for the second option, for a total contract amount not to exceed \$2,000,000 each and combined.
9. (8/28) Authorize award and execution of two contracts with KBS ELECTRICAL DISTRIBUTORS INC. for the purchase of glass insulators in an amount not to exceed \$173,800 and with MVA POWER INC. for the purchase of vibration dampers in an amount not to exceed \$33,880 for Austin Energy; or, consistent with the City's authority under state statute to consider a bidder's local presence in awarding contracts, authorize award and execution of two contracts with KBS ELECTRICAL DISTRIBUTORS INC. for the purchase of glass insulators in an amount not to exceed \$173,800 and with TECHLINE INC. for the purchase of vibration dampers in an amount not to exceed \$34,650.
10. (8/28) Authorize award and execution of a 12-month requirements service agreement with AK SOLID STATE INC., for the purchase and installation of batteries and capacitors, and for the maintenance of the uninterruptible power supply modules for Austin Energy in an amount not to exceed \$59,423, with four 12-month extension options for maintenance in an amount not to exceed \$8,475 per extension option, for a total contract amount not to exceed \$93,323.
11. (8/28) Authorize award and execution of a 12-month requirements contract with JOHN L. WORTHAM & SON, LP DBA WORTHAM INSURANCE & RISK MANAGEMENT to RFP No. PAX0117 for property, boiler, and machinery insurance and loss prevention services in an amount not to exceed \$3,150,000, with five 12-month extension options in amounts not to exceed \$3,622,500 for the first extension option, \$4,165,875 for the second extension, \$4,790,756 for the third extension, \$5,550,937 for the fourth extension, and \$6,383,578 for the fifth extension, for a total contract amount not to exceed \$27,663,646.
12. (8/28) [SHARED] Authorize award and execution of two 36-month contracts for the rental of off-site storage units for various City departments with LAMAR STORAGE LTD in an amount not to exceed \$211,980 with three 12-month extension options in an amount not to exceed \$70,660 per extension option, for a total contract amount not to exceed \$423,960; and with ALL MY SONS MOVING & STORAGE OF AUSTIN, INC., in an amount not to exceed \$76,800, with three 12-month extension options in an amount not to exceed \$25,600 each, for a total contract amount not to exceed \$153,600. The annual amount for all rentals of off-site storage units will be for a total each and combined amount not to exceed \$96,260.
13. (8/28) [Shared] Authorize award and execution of a 60-month requirements contract with MILLER UNIFORMS & EMBLEMS, INC., or one of the other qualified offerors to RFP No. PAX0116 for industrial clothing, supplies, and related services for various City Departments in

The City of Austin is committed to compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request. If requiring Sign Language Interpreters or alternative formats, please give notice at least three days before the meeting. Call (512) 322-6087 for additional information. TTY users route through Relay Texas at 711.

an amount not to exceed \$14,250,000, with one 60-month extension option in an amount not to exceed \$14,250,000, for a total contract amount not to exceed \$28,500,000.

14. (8/28) [Shared] Authorize award and execution of a 36-month requirements service contract with ALLEGIANCE POWER SYSTEMS, INC. to provide back-up generator maintenance and repair services for various City departments, in an amount not to exceed \$581,935, with three 12-month extension options in an amount not to exceed \$193,979 for each extension option, for a total contract amount not to exceed \$1,163,870.

NEW BUSINESS – NON-CONSENT ITEMS

15. Election of Chair, and if necessary, Vice Chair

Nomination of Linda Shaw as chair (Fath); seconded (Shaw). Nomination of Michael Osborne as chair (Butler); seconded (Rai). Following discussion of the nominations, motion to elect Shaw to the chair did not pass on a vote of 3-4 (Butler, Hadden, Osborne, Rai – Nay). Motion to elect Osborne to the chair passed on a vote of 5-0-2 (Fath, Heidebrecht – Abstain).

Chair Osborne presided over the remainder of the meeting.

BRIEFINGS

16. Work Session, discussion and possible action/recommendation regarding FY 2015 Budget (Ann Little, CFO and David Kutach, Director, Planning and Budget)

Vice Chair Hadden requested redistribution of line item budget pages.

Citizen Communication: Lanetta Cooper

Commissioner Fath read the following statement into the record:

“Although I appreciate the City Manager’s recommending a \$3 million reduction in Austin Energy’s transfer to the Economic Development Dept. (and while disregarding the question of whether this City should even be spending money to encourage growth), I cannot vote for this budget because it transfers \$8,388,452 to Economic Development even though the Chamber of Commerce’s Dave Porter and Opportunity Austin do a better job on economic development without taking more than \$11 million from Austin ratepayers and taxpayers.”

Motion to endorse Commissioner Fath’s statement (Hadden); seconded (Shaw); passed on a vote of 6-0-1 (Heidebrecht – Abstain).

Following discussion of the budget, motion to recommend approval of the FY 2015 budget (Rai); seconded (Shaw). Friendly amendment to form EUC working group to review FY 2015 budget and to make possible recommendations (Butler). Friendly amendment to not recommend approval of \$8,388,452 transfer to Economic Development Department (Fath). Amendment to recommend an increase to the energy efficiency program budgets by \$7 million (Hadden); not accepted as friendly (Rai); amendment withdrawn. Amended motion passed on a vote of 7-0.

Chair Osborne appointed Commissioners Butler, Hadden, and Heidebrecht to serve on budget working group.

Citizen Communication: Carol Biedrzycki

Meeting recessed at 7:53 pm.

Meeting resumed at 8:04 pm.

17. Briefing on Payment Arrangements, Arrearage Management and Hearings Process
(JJ Gutierrez, VP Customer Care)

Citizen Communication: Lanetta Cooper, Carol Biedrzycki

Commissioner Fath requested staff remove acronyms from implementation timeline slide of the Payment Arrangement presentation (slide 14). Commissioner Fath requested a summary of recommendations and asked staff to highlight differences in recommendations between the City of Austin and the Low Income Consumer Work Group when the item returns for EUC action at the September meeting.

18. Briefing on the GreenChoice Program
Chair Osborne postponed item to September EUC meeting.

FUTURE AGENDA ITEMS

19. Discussion regarding potential future agenda items
No action taken.

ADJOURNMENT: Chair Osborne adjourned the meeting at 9:07 pm.



Payment Arrangements & Arrearage Management

Low Income Consumer Advocacy Working Group
RECOMMENDATIONS
August 2014





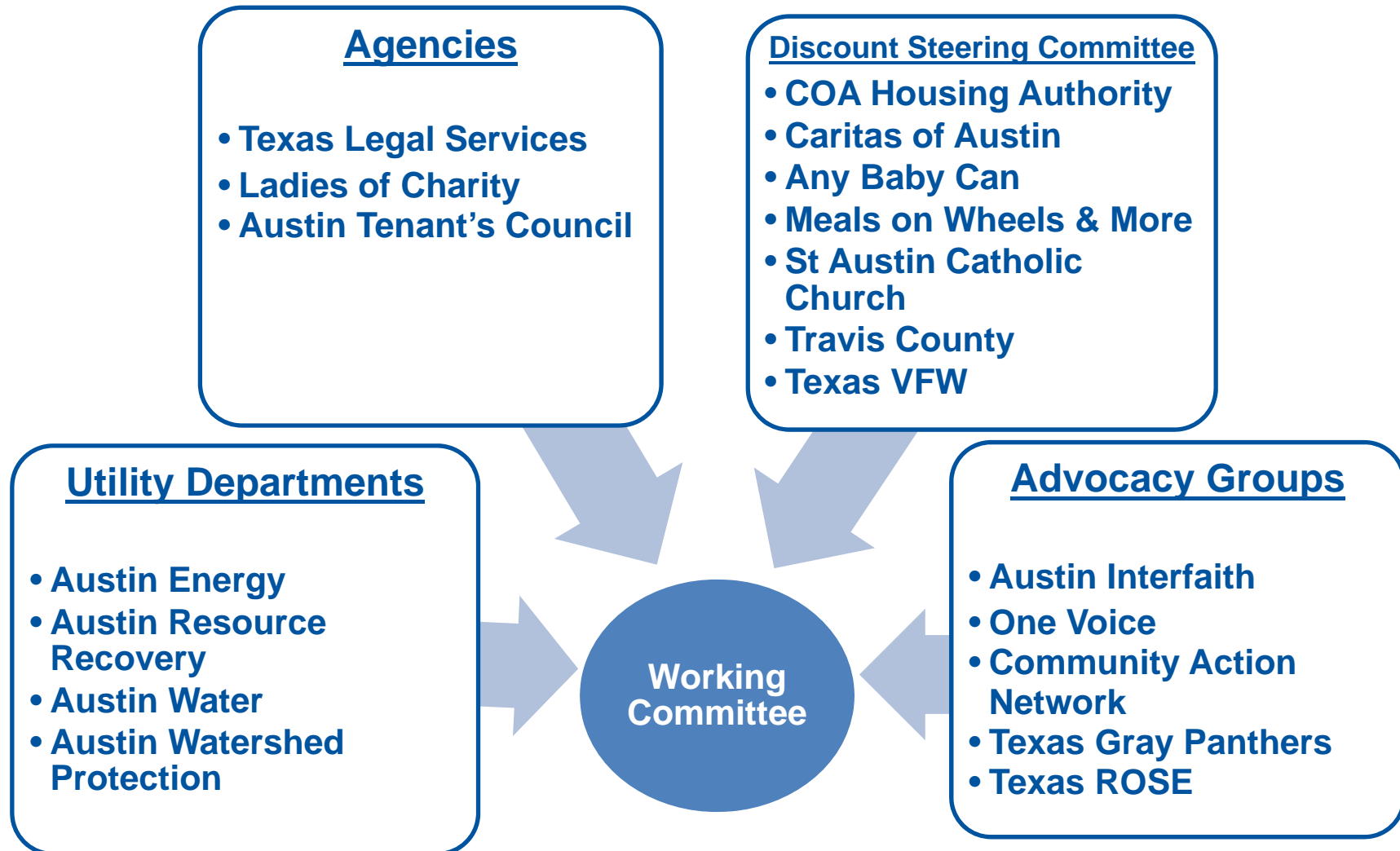
Council Resolution No. 20131107-052

City Manager to work with Discount Steering Committee and other consumer advocates to:

- **Revise Deferred Payment Arrangements & disconnection policies**
- **Develop an Arrearage Management Program (best practices & customer incentives)**
- **Develop customer service practices to better inform customers about resources**



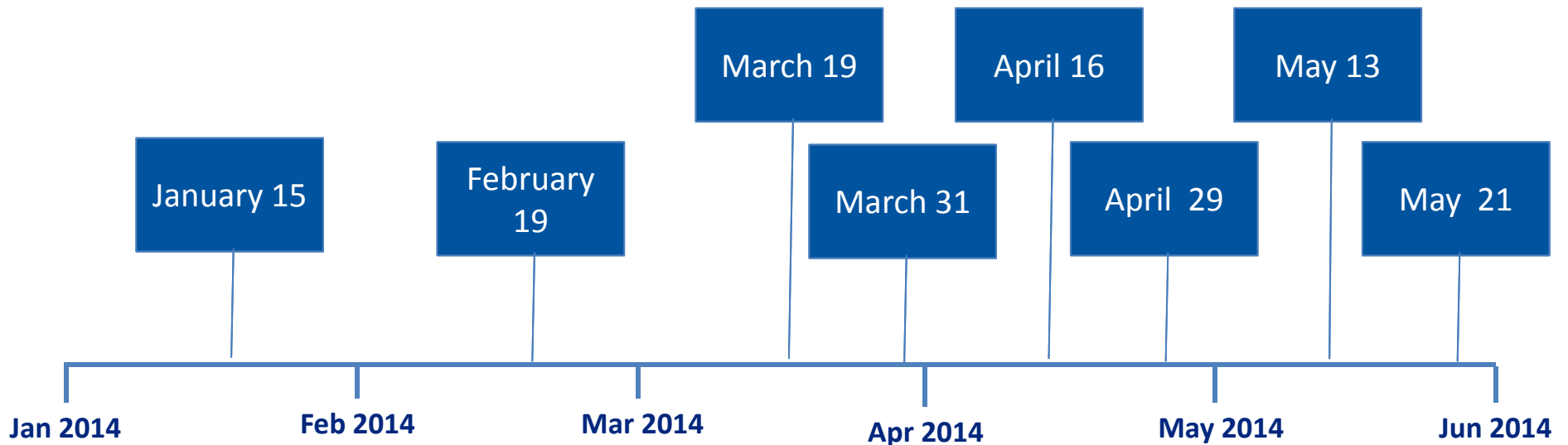
Low Income Consumer Working Group





Recommendation Process

- Facilitator contracted – Robena Jackson Agency
- Developed Group Structure
 - Stakeholder Committee (Non-Voting)
 - Working Committee (Voting)
- 8 Working Group meetings
- Analyzed over 150 data sheets
- Over 25 hours of meeting time





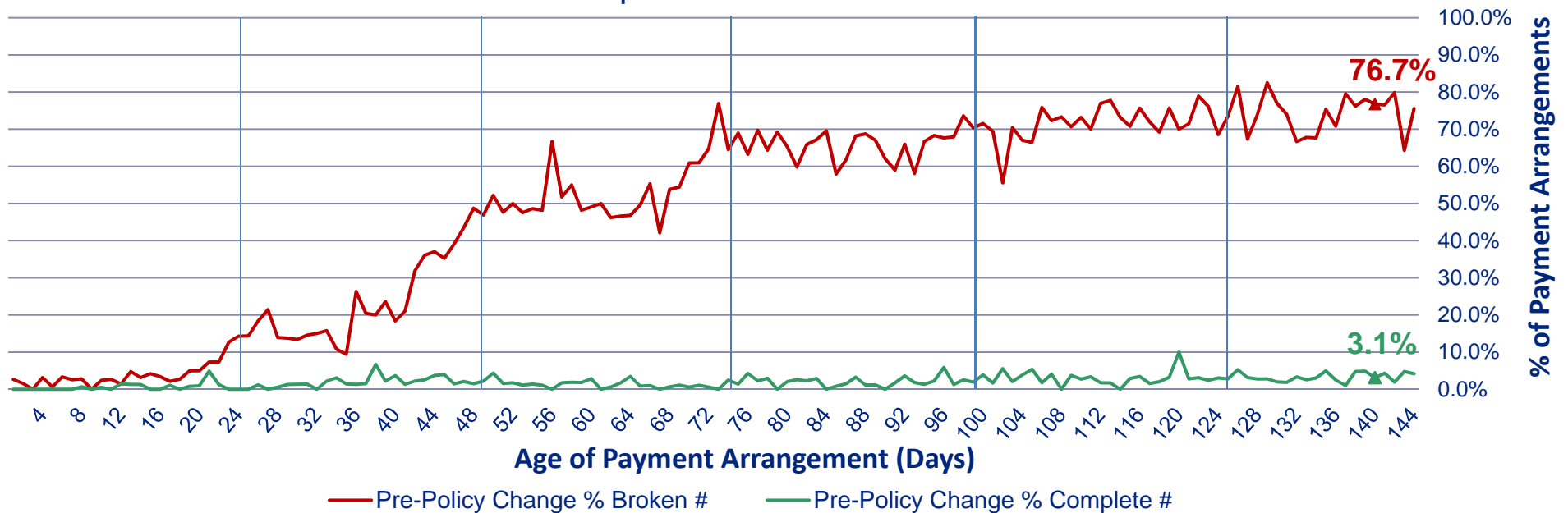
Working Group's Payment Arrangement Policy

| | Council Mandated Current Policy | Recommended Policy for CAP | Recommended Policy for Non-CAP |
|--|---|--|---|
| Target Population | Low Income Critically Ill Elderly Households w/ children | Low Income Regular Residential Critically Ill Elderly Households w/ young children | General Residential |
| Eligibility | Low Income Critically Ill Elderly Households w/ children | CAP Discount Customers | General Residential |
| Length of Term | \$48 maximum for discount participants (No limit on term length) | As defined by a monthly payment not to exceed 5% of U.S. Dept. of HHS monthly poverty guideline for single person household | Up to 24 months, if needed (CSR) Up to 36 months (Supervisors) |
| Number of PA's Allowed | 3 Payment Arrangements, 4th Payment Arrangement for any customer identifying a "Bona Fide" Reason * | Unlimited -as long as the account is brought to \$0 balance before the account becomes eligible again. Limited -Those with broken arrangements can have 3 Payment Arrangements/4th with "Bona Fide" Reason* | |
| Down Payment | NO | NO | Yes -Down payment equal to first month installment |
| *Bona Fide Reasons= serious illness or injury by account holder or household member; loss of employment; economic loss due to natural disaster; domestic violence against the customer; a commitment by an independent program to assist customer with payment | | | |



Impact of Policy Change

Payment Arrangement Status – Grouped By Start Date Report Date: 8/6/2013

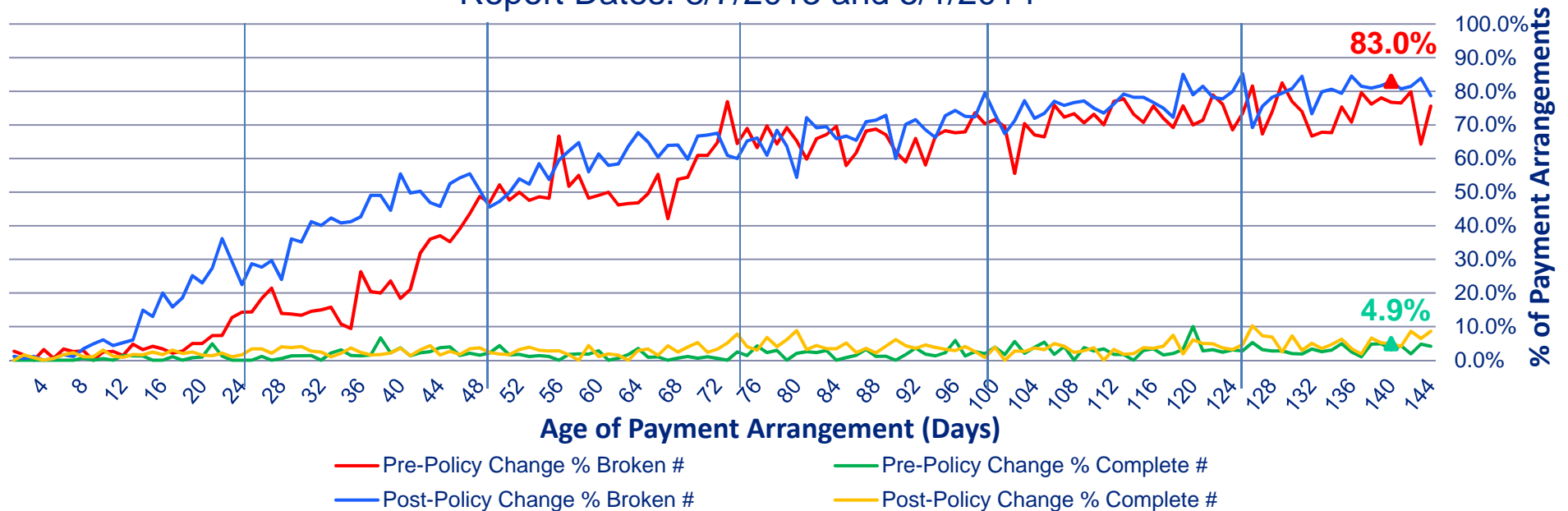


- The majority of Payment Arrangements are broken by the fourth month of the agreement
- For Example, of the Payment Arrangements that are 140 days old 76.7% were broken on or prior to the report date. 3.1% were completed. (The remaining 20.8% were still Active – not completed or broken.)



Impact of Policy Change

Payment Arrangement Status – Grouped By Start Date Report Dates: 8/7/2013 and 5/1/2014



- In comparison, the trends in customer behavior did not shift significantly with relaxed Collections practices.
- 83% of Payment Arrangements were broken within 140 days of their start date.



City Response to PA Policy Recommendations

| | City of Austin Utilities Response to CAP Policy | City of Austin Utilities Response to Non-CAP Policy |
|---|--|---|
| Target Population | Low Income Regular Residential Critically Ill Elderly Households w/ children | General Residential |
| Eligibility | CAP Customer | General Residential |
| Length of Term | 36 month maximum; Payment not to exceed 5% of FPIL | Up to 8 months (CSR) Up to 12 months (Supervisors) |
| Number of PA's Allowed | Unlimited-as long as the account is brought to \$0 balance before the account becomes eligible again. Limited - Those with broken arrangements can have 2 Payment Arrangements/3rd with "Bona Fide" Reason | Unlimited-as long as the account is brought to \$0 balance before the account becomes eligible again Limited -Those with broken arrangements can have 1 Payment Arrangement/2nd with "Bona Fide" Reason |
| Down Payment | NO | Yes - 50% down , exceptions approved by Supervisors |
| *Differences between Working Committee recommendation and City response are shown in red. | | |



Working Group's Arrearage Management Program

| | Program for CAP Participants | Program for Specialty Group (Non-CAP) |
|--|--|---|
| Eligibility | Enrolled or waitlisted on the discount program | Active residential customer who had service with AE from June 2011 to June 2013 (Non Disconnect Period) |
| Benefits | Immediate incentive towards debt (match/credits begin month 1 of program) Leverage AE current services (education classes and weatherization) | |
| How to Apply? | Discount Participant | Already in place |
| Length of Program | <i>Determined by amount of debt; \$1,750-\$3,000 = 12 months \$3,001-\$6,000 = 24 months \$6,001+ = 36 months</i> | <i>Determined by amount of debt; \$1,750-\$3,000 = 12 months \$3,001-\$6,000 = 24 months \$6,001+ = 36 months</i> |
| Down Payment | Not required | |
| Payment Amount | 20%/80%, 30%/70%, 40%/60% with cap of 5% | 40%/60%, 30%/70%, 20%/80% |
| Removal from Program | *2 strikes rule 30 day no contact = strike Default payment = strike NSF = strike | |
| Program Administration | Austin Energy | |
| *Consensus not reached on items that are shaded in yellow. | | |



Program Cost Analysis

| | No. of Customers | Total Amount of Debt | Amount Paid by Customer | Amount Paid by City |
|-----------------------|------------------|----------------------|-------------------------|---------------------|
| CAP Discount | 203 | \$0.509 M | \$0.153 M | \$0.356 M |
| Non-CAP Special Group | 2543 | \$7.877 M | \$2.363 M | \$5.514 M |

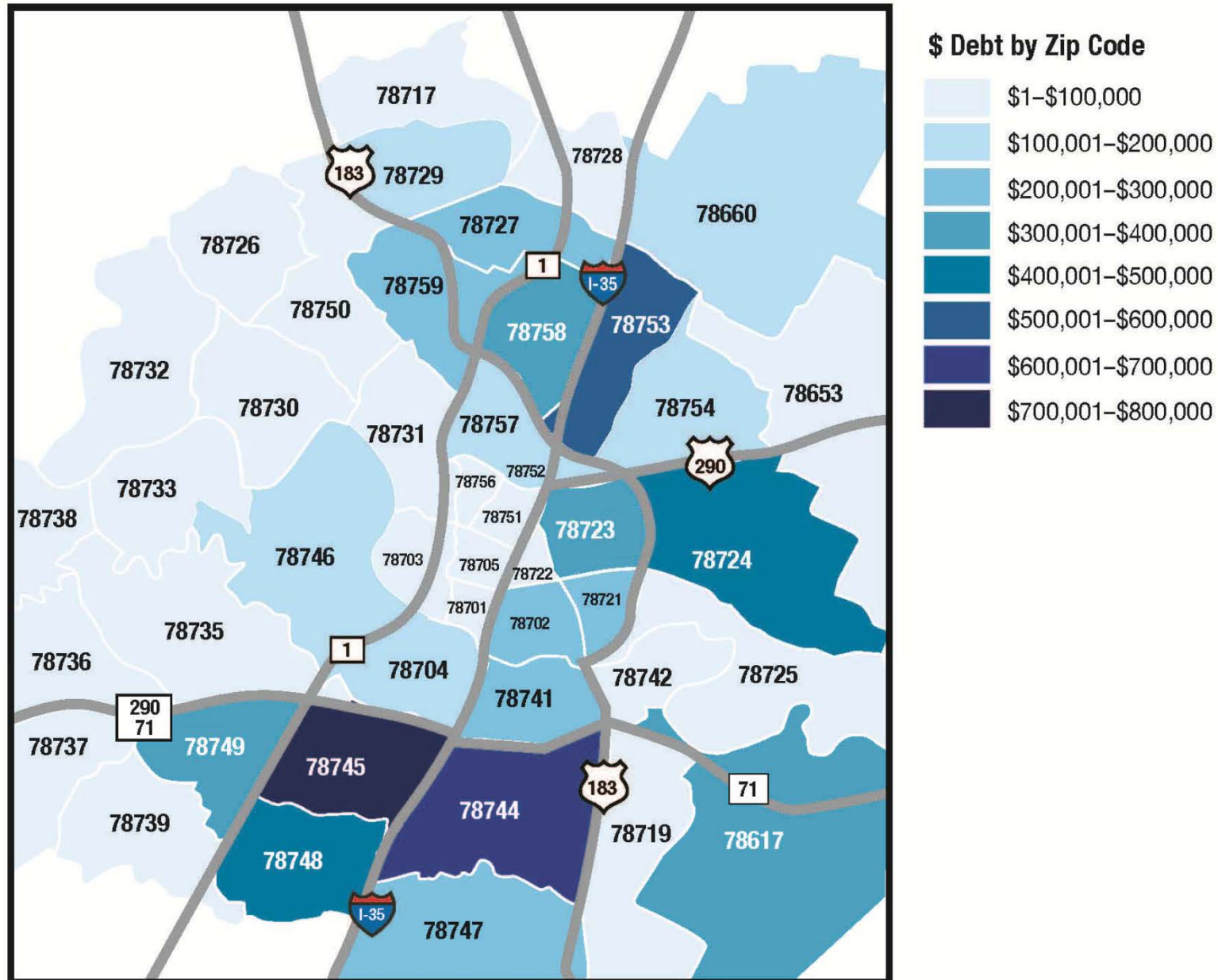
- Working Committee members suggested the cost of the Program could be offset by an improved debt recovery for this subset of customers.
- Estimates below show the potential for offsetting the cost of the program.

| Assumptions | Estimated % Not Recovered : | | | Total Amount Unrecovered |
|-------------|-----------------------------|----------|--------|--------------------------|
| | Active | Inactive | Agency | |
| Optimistic | 20% | 15% | 75% | \$0.2 M |
| Norm | 50% | 50% | 75% | \$1.6 M |
| Pessimistic | 80% | 50% | 75% | \$2.5 M |

\$8.4 M
in Debt



Eligible Accounts by Zip Code





City Response to Arrearage Management Program

| | Program for CAP Participants | Program for Specialty Group (Non-CAP) |
|-------------------------------|---|---|
| Eligibility | Enrolled or waitlisted on the discount program | <p>An arrearage management program is not recommended for this group.</p> <p>City recommends a special <u>60-month</u> Payment Arrangement: Down payment equal to first month installment</p> <p>Unlimited-as long as the account is brought to 0 balance before the account becomes eligible again.</p> <p>Limited - Those with broken arrangements can have 2 Payment Arrangements/3rd with "Bona Fide" Reason*</p> |
| Benefits | Immediate incentive towards debt (match/credits begin month 1 of program) Leverage AE current services (education classes and weatherization) | |
| How to Apply? | Discount Participant | |
| Length of Program | <i>Determined by amount of debt;</i> \$1,750-\$3,000 = 12 months \$3,001-\$6,000 = 24 months \$6,001+ = 36 months | |
| Down Payment | Not required | |
| Payment Amount | 20%/80%, 30%/70%, 40%/60% with cap of 5% | |
| Removal from Program | 2 strikes rule 30 day no contact = strike Default payment = strike NSF = strike Can reinstate as long as they "catch up" the account to the point they were removed | |
| Program Administration | Austin Energy | |

Differences between Working Committee recommendation and City response are shown in red.



Training & Customer Service Practices

| Advocacy Group Recommendation | City of Austin Utility Current Program Components |
|---|---|
| <p>Inquiries and referrals to assistance and conservation and efficiency programs would be part of the conference between the customer and the AE Customer Care employee</p> | <p>New hire training includes 15 hours of training on:</p> <ul style="list-style-type: none"> -Determining that a customer needs help when it hasn't been explicitly stated -Difference between a high bill due to AE error vs. high bill due to usage patterns -Analyzing usage patterns Identifying conservation programs that may benefit the customer -Connecting customer with assistance agencies <p><i>Refresher training provided as needed</i></p> |
| <p>As part of the referral process, there should be an explanation of any arrearage programs including providing the customer application forms and instructions.</p> | <p>If and when an arrearage program is created and funded, the training curriculum will be update to include all of the aforementioned items.</p> |
| <p>Develop training modules to instruct Customer Care employees on performing one to one customer conferences in a compassionate manner with a focus on empathy and consistency of service.</p> | <p>All new hires complete a 12 hour Customer Relationship Building class. The focus is on improving the customer experience through communication.</p> <p>Employees are also coached on these concepts during monthly call quality coaching sessions</p> |
| <p>Develop referral forms that would tailor contact persons and their contact numbers to greater enable customers with bill paying problems to connect with available resources. Application forms should be provided to the customer.</p> | <p>Referring customer to available resources is covered within the 15 hours of training covered on assistance agencies and conservation</p> |
| <p>Empower Customer Service Representatives to ensure AE staff have flexibility in working with customers to develop a realistic and reasonable solution to their utility bill problems.</p> | <p>New hire training includes 12 hours of training on:</p> <ul style="list-style-type: none"> -Working with customer to create a payment arrangement that sets the customer up for success -Engaging other AE workgroups -Tying in topics already covered about conservation and assistance agencies <p><i>Refresher training provided as needed</i></p> |
| <p>New hire training includes:</p> <ul style="list-style-type: none"> -125 hours of classroom instruction -75 hours of trainer supported phone time <p>New hires transition to a nesting environment in the call center for 4 to 6 weeks directly after new hire training</p> | |



Implementation Timeline

| | Aug 2014 | Sept 2014 | Oct 2014 | Nov 2014 | Dec 2014 | Jan 2015 | Feb 2015 | Mar 2015 |
|---|----------|-----------|----------|----------|----------|----------|----------|----------|
| Payment Arrangement Policy | | | | | | | | |
| Update Policy | | | | | | | | |
| Policy Approval | | | | | | | | |
| Configure CCB | | | | | | | | |
| Employee Training | | | | | | | | |
| Go Live | | | | | | | | |
| Arrearage Management | | | | | | | | |
| Program Approval | | | | | | | | |
| Establish Budget | | | | | | | | |
| Establish Team | | | | | | | | |
| Program Infrastructure Development (COA Recommendation) | | | | | | | | |
| Program Infrastructure Development (CAG Recommendation) | | | | | | | | |
| CCB Configuration (COA Recommendation) | | | | | | | | |
| CCB Configuration (CAG Recommendation) | | | | | | | | |
| Program Marketing | | | | | | | | |
| Employee Training | | | | | | | | |
| Go Live | | | | | | | | |



Appendix

- List of committee members
- Definitions
- Resource requirements



Appendices: Working Group Members

Utility Committee Members

Kerry Overton – Austin Energy
Alice Flora – Austin Water
Diane Gonzales – Watershed Protection

Jawana Gutierrez – Austin Energy
Jessica Edwards – Austin Resource Recovery

Discount Steering Committee Members

Linda Perez – Meals on Wheels
Michelle Akers- Housing Authority
Tonda Owens – Travis County
Angel Ramirez – Texas VFW

Gloria Cueva – Caritas
Pat Macy – Faith Based Organizations
Kathleen Hopkins – Any Baby Can

Advocate Committee Members

Bob Batlan – Austin Interfaith
Ruby Roa – Ladies Of Charity
Lanetta Cooper – Texas Legal Services
Dan Pruett – One Voice
Vanessa Saria – Community Advancement Network

Kathy Stark – Austin Tenant's Council
Mark Widoff – Texas Gray Panthers
Carol Biedrzycki – Texas ROSE



Appendices: Definitions

- Payment Arrangement – A Payment Arrangement (PA) is a short term payment option for households that are having a temporary crisis; PAs provide several months to pay off overdue utility bills in equal installments. These installments are in addition to the regular monthly current charges. The City of Austin does not disconnect services of customers with approved payment arrangements and on-time payments.
- Successful Payment Arrangement - successful PAs occur when payments for each PA installment plus the current billed charges are received in full, on or before the due date for each applicable month.
- Defaulted Payment Arrangement - PAs are in default when the full PA installment and current billed charges due are not paid by the due date. If default occurs the account will proceed through the collections process.
- Arrearage Management – Arrearage Management Programs are long-term financial assistance programs and provide relief for low-income customers who have significant past due amounts (arrears) on their utility bills.
- Specialty Group – residential households who experienced moratorium on disconnections (June 2011 through June 2013)
- Discount Participant Group – residential households that are currently enrolled or wait-listed for the discount program
- General Residential Group – residential households that are not defined by the above definitions.



Resources Required for Implementation

- Payment Arrangement Policy
 - COA Recommendations
 - Current Infrastructure
 - CCB Reconfiguration (4 months)
 - CAG Recommendations
 - Current Infrastructure
 - CCB Reconfiguration (8 months)

- Arrearage Management Program
 - COA Recommendations
 - 1 Full Time FTE's
 - » Case Managing 200+ accounts (current MVR infrastructure)
 - » CCB Reconfiguration (4 months)
 - CAG Recommendations
 - 6 full time FTE's
 - » Case Managing 1,200+ accounts
 - » CCB Reconfiguration (8 months)



Payment Arrangements & Arrearage Management

Council Committee on Austin Energy
November 13, 2014



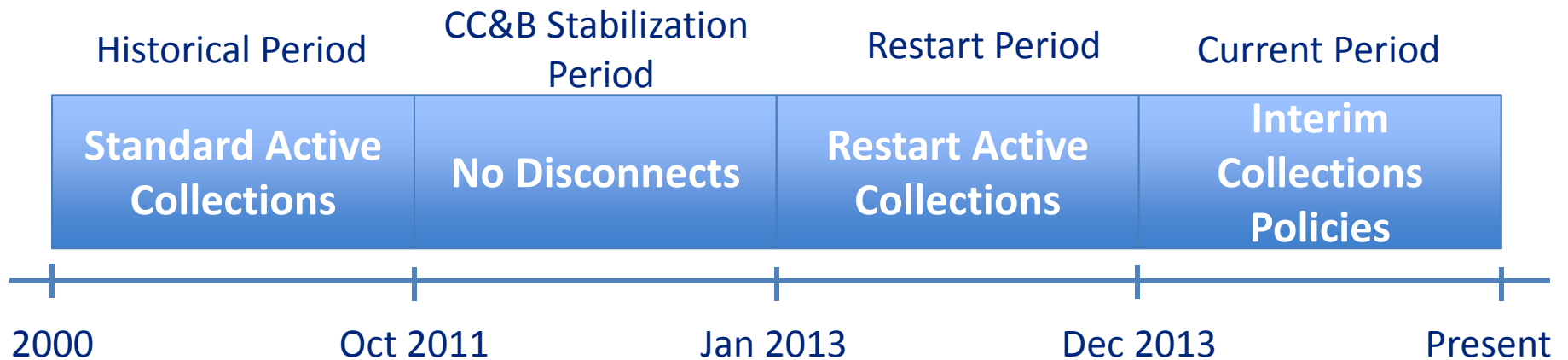


AGENDA

- **General Overview**
- **Payment Arrangement**
 - Overview and Current State
 - Working Committee Recommendations
- **Arrearage Management Program**
 - Overview and Current State
 - Working Committee Recommendations
- **Concerns and Alternatives**



Timeline

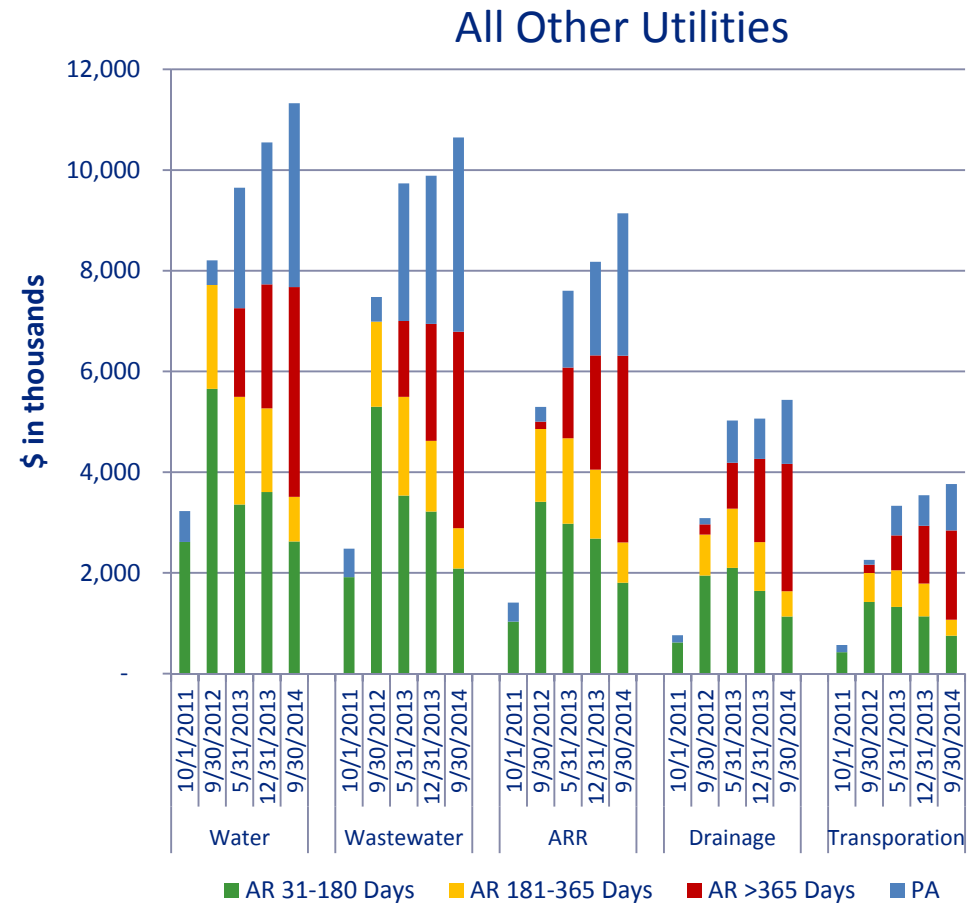
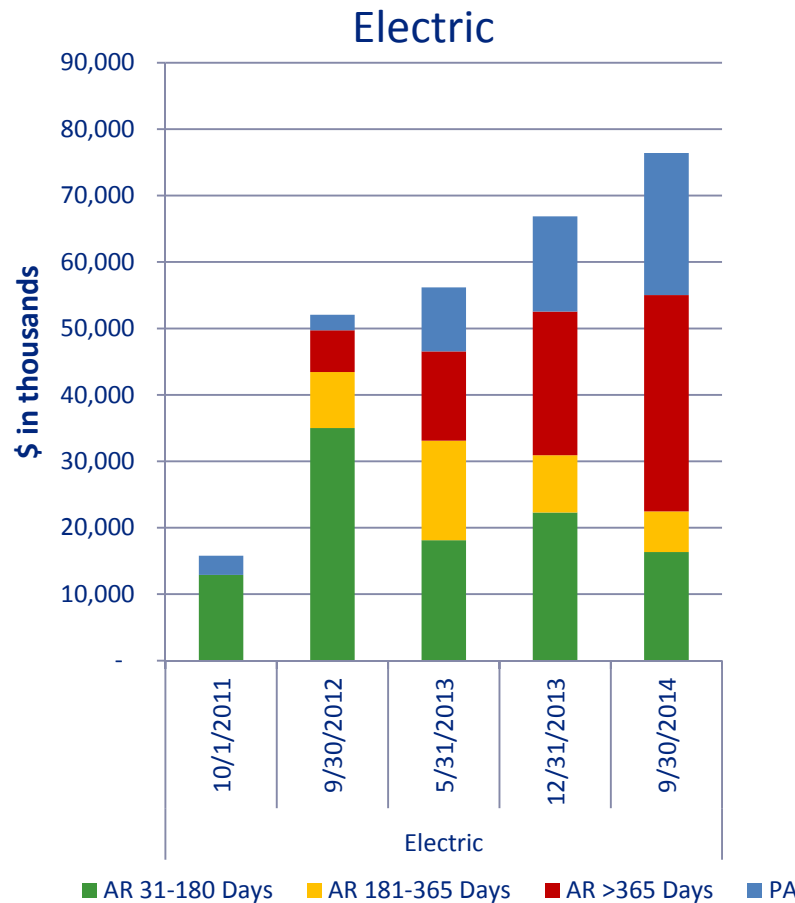


- For 11 years the City managed customer debt under same policy
- During the stabilization of new billing system it is best practice to suspend collections activity
- When we stopped disconnecting, customer debt increased beyond normal levels
- We have been operating under an interim collections policy for 1 year, pending Council review of Committee recommendations



Unpaid and Overdue Customer Debt

- Change in policy in 2011 has increased customer debt owed to the City over the past 3 years
- 2013 policy shift compounded the customer debt issue





Goal

Reduce customer debt owed
to the City



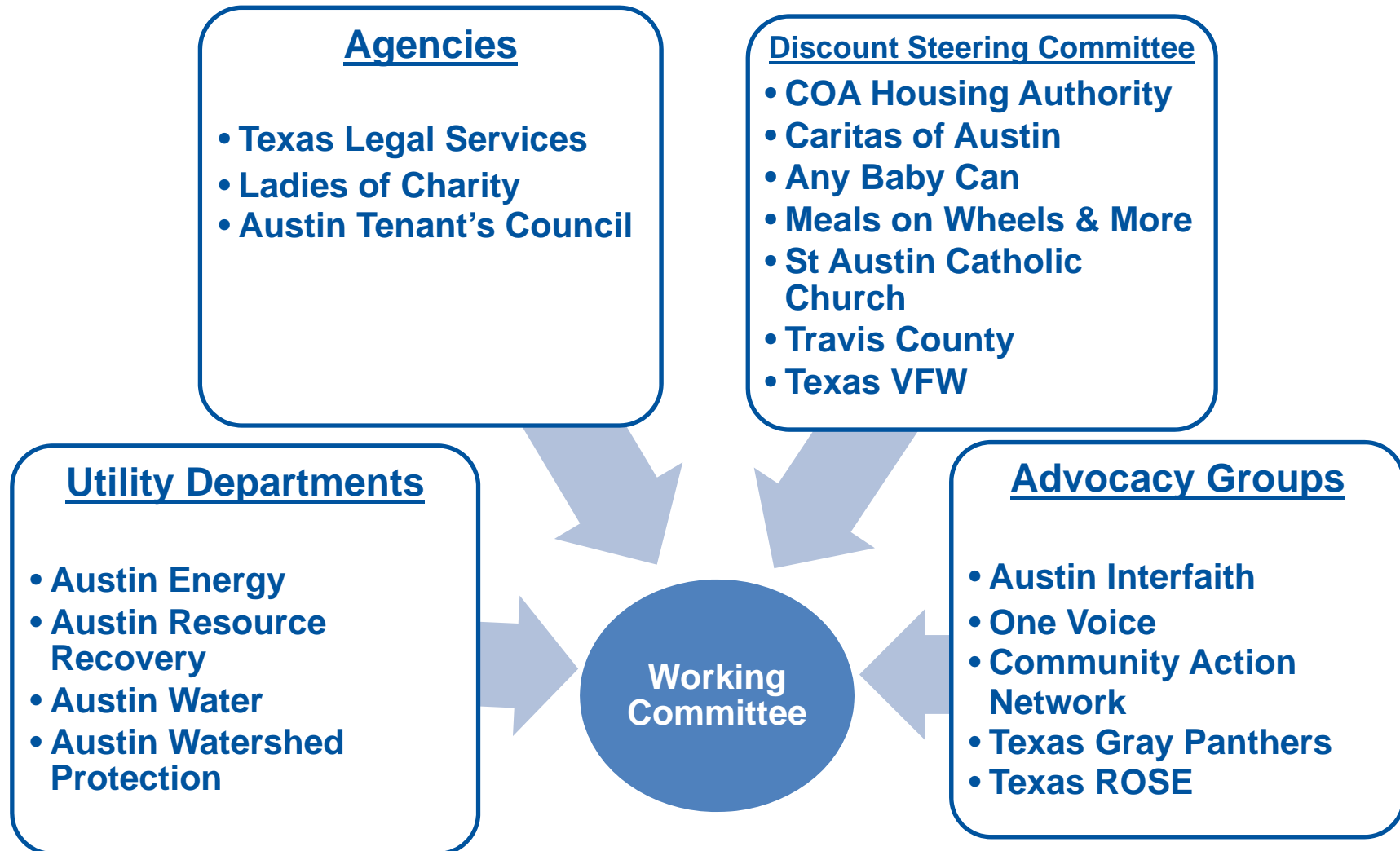
Council Resolution No. 20131107-052

City Manager to work with Discount Steering Committee and other consumer advocates to:

- **Revise Deferred Payment Arrangements & disconnection policies**
- **Develop an Arrearage Management Program (best practices & customer incentives)**
- **Develop customer service practices to better inform customers about resources**



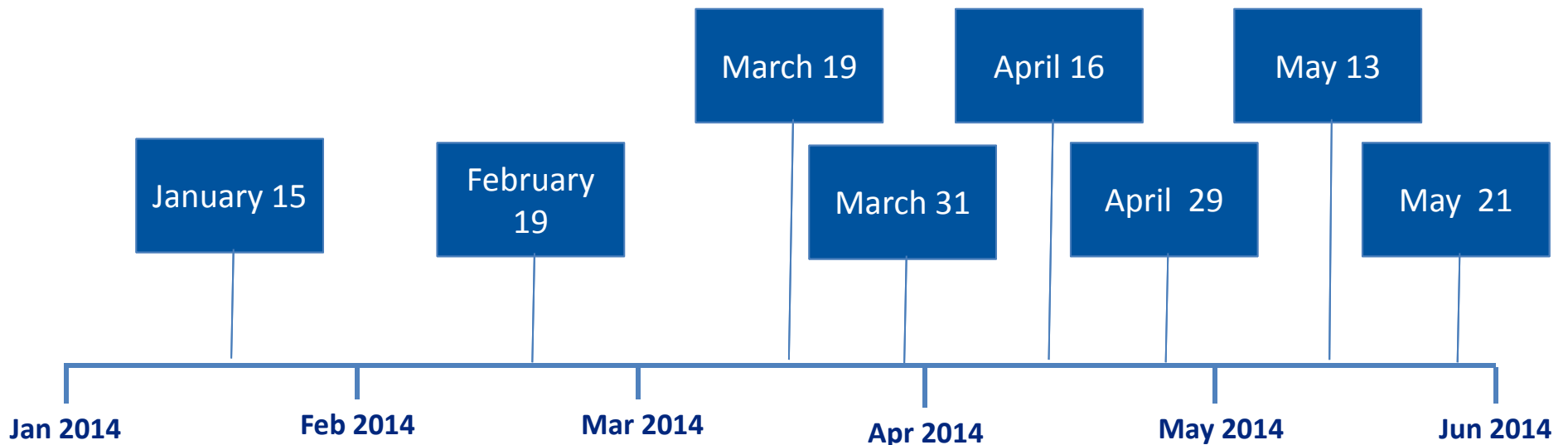
Low Income Consumer Working Group





Recommendation Process

- Facilitator contracted – Robena Jackson Agency
- Developed Group Structure
 - Stakeholder Committee (Non-Voting), Working Committee (Voting - 21)
- 8 Working Group meetings
- Analyzed over 150 data sheets
- Over 25 hours of meeting time
- Presented to multiple Boards/Commissions (June – Oct)





Payment Arrangements / Arrearage Management

| Payment Arrangements | Arrearage Management |
|--|---|
| Short –term payment | Longer-term customer debt management |
| Customer makes monthly payments on outstanding customer debt | Customer and <u>City</u> make monthly payments on outstanding customer debt |
| All customers are eligible | Limited to active residential customers who had electric services from June 2011 to June 2013 (CC&B Stabilization Period) |



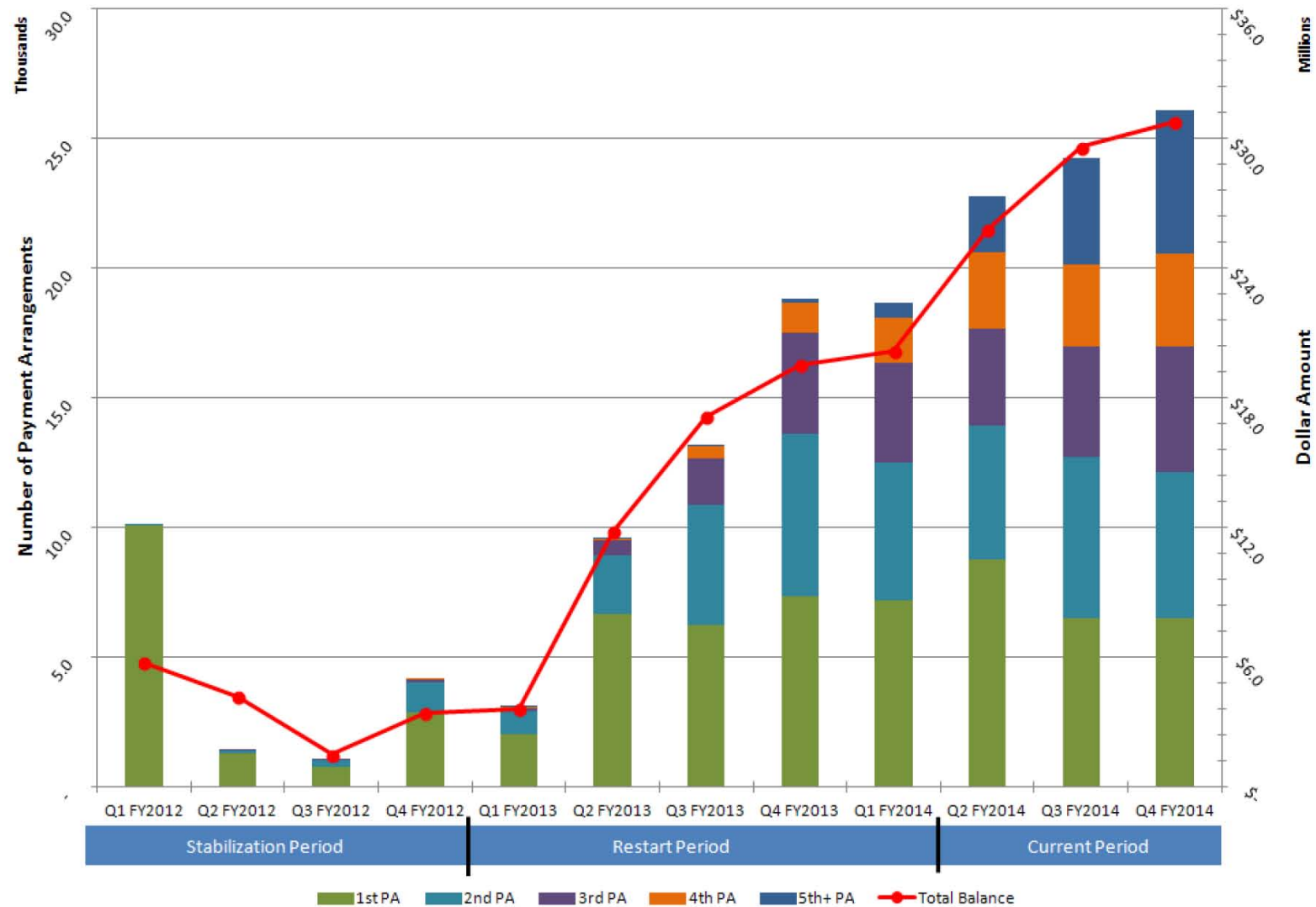
Payment Arrangement Definitions

- Payment Arrangement – formerly known as Deferred Payment Arrangement
- Payment Arrangement – A Payment Arrangement (PA) is a short term payment option for households that are having a temporary crisis; PAs provide several months to pay off overdue utility bills in equal installments. These installments are in addition to the regular monthly current charges. The City of Austin does not disconnect services of customers with approved payment arrangements and on-time payments.
- Successful Payment Arrangement – successful PAs occur when payments for each PA installment plus the current billed charges are received in full, on or before the due date for each applicable month.
- Broken Payment Arrangement – PAs are broken when the full PA installment and current billed charges due are not paid by the due date. If default occurs the account will proceed through the collections process.
- Customer Assistance Program (CAP) – Although CAP is a program consisting of several low income programs, for this presentation CAP indicates customers who receive or are eligible for the CAP Discount program.



History of Payment Arrangement Policy

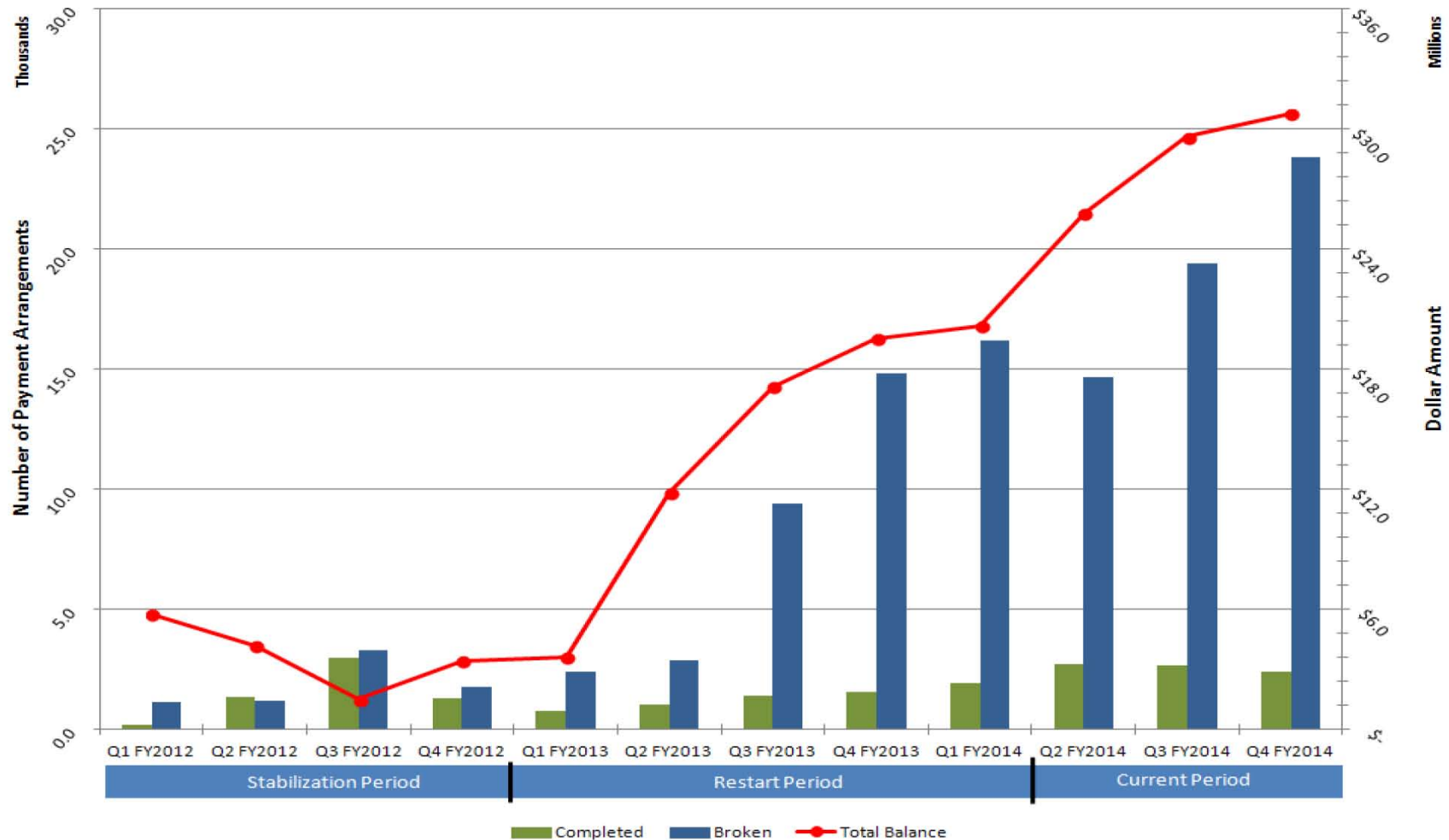
Quarterly Payment Arrangement Allocation (# Started / Total \$)





Impact of Payment Arrangement Policy

Quarterly Payment Arrangement Allocation (# Ending / Total \$)



- Customer behavior did not improve with a more relaxed Payment Arrangement policy.



Current Payment Arrangement Policy

| | Policy During Historical Period | Current Policy |
|-------------------------------|--|--|
| Eligibility | All Residential | All Residential |
| Length of Term | 3 – 6 months | 36 months (non-CAP) Unlimited (CAP) |
| Number of PA's Allowed | 1 Payment Arrangement (Offered 2 nd with special circumstance) | 3 Payment Arrangements, 4th Payment Arrangement for any customer identifying a "Bona Fide" Reason * |
| Disconnect | Yes, after 1 broken arrangement | Yes, after 4 broken arrangements |
| Down Payment | 10-50% of past due required | None required |



National Comparison of Payment Arrangements

| Comparison of Payment Arrangements by Utility - November 2014 | | | | | | | |
|---|-------|-----------------|---|---------------------------|------------|--------------------|--------------|
| | State | Type of Utility | Utility Name | Payment Arrangements (PA) | | | |
| | | | | PA Offered | Term (mo.) | No. of PAs allowed | Down Payment |
| Public Utilities | TX | Public | Pedernales Electric Cooperative | ✓ | 6 | 1 | ✓ |
| | TX | Public | Bluebonnet Electric Cooperative | ✓ | 3 | 1 | ✓ |
| | AZ | Public | Salt River Project | ✓ | 6+ | 1 | ✓ |
| | TX | Public | City of San Antonio (CPS Energy) | ✓ | 12 | 2 | ✗ |
| | CA | Public | Sacramento Municipal Utility District | ✓ | 12 | 1 | ✗ |
| | FL | Public | Jacksonville Electric Authority (JEA) | ✓ | 12 | 1 | ✗ |
| | TN | Public | Memphis Light Gas & Water | ✓ | 5 | 1 | ✓ |
| | WA | Public | Seattle City Light | ✓ | 1 | 2 | ✓ |
| | CO | Public | Colorado Springs Utilities | ✓ | 1 | 2 | ✗ |
| | TX | Public | Austin Energy (Committee proposed) | ✓ | 36/48 | 3/4 | ✓ |

- Proposed policy provides longer periods and more payments arrangements than industry norms.

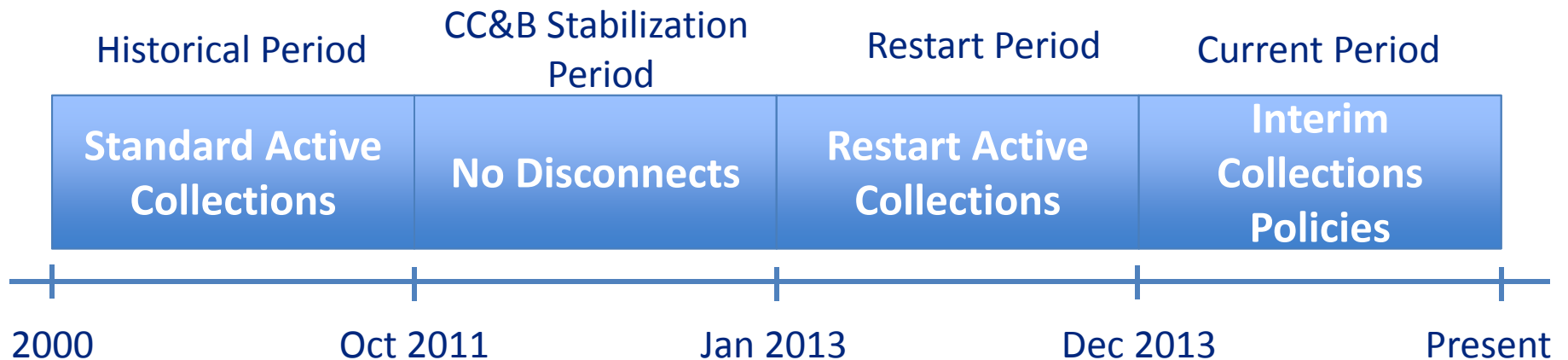


Working Committee Recommendation

| | Working Committee Recommended Policy for CAP | Working Committee Recommended Policy for Non-CAP |
|--|--|---|
| Eligibility | CAP Discount Customer | General Residential |
| Length of Term | Unlimited (Payment not to exceed 5% of Federal Poverty Income Level) | Up to 24 months (CSR) Up to 36 months (Supervisors) |
| Number of PA's Allowed | 3 Payment Arrangements 4th with "Bona Fide" Reason* | 3 Payment Arrangements 4th with "Bona Fide" Reason* |
| Down Payment | NO | Yes -Down payment equal to first month installment |
| *Bona Fide Reasons= serious illness or injury by account holder or household member; loss of employment; economic loss due to natural disaster; domestic violence against the customer; a commitment by an independent program to assist customer with payment | | |



Payment Arrangement Summary



- Working Committee believes cessation of collection activities during stabilization period led to undue economic burden on customers
- Working Committee sought to create a policy that reduces the economic burden on customers
- Working Committee recommendations mirror current Council policy for CAP customers



Payment Arrangements / Arrearage Management

| Payment Arrangements | Arrearage Management |
|--|---|
| Short –term payment | Longer-term customer debt management |
| Customer makes monthly payments on outstanding customer debt | Customer and <u>City</u> make monthly payments on outstanding customer debt |
| All customers are eligible | Limited to active residential customers who had electric services from June 2011 to June 2013 (CC&B Stabilization Period) |



Arrearage Management Definition

Arrearage – Unpaid and overdue amounts due to the City for services rendered

Arrearage Management – Arrearage Management Programs are incentive based programs that provides long-term financial assistance and relief for low-income customers who have significant past due amounts (arrears) on their utility bills.

Customer Assistance Program (CAP) – Although CAP is a program consisting of several low income programs, for this presentation CAP indicates customers who receive or are eligible for the CAP Discount program.

Note: Average amount of arrearage is \$1,100; there are 2,746 customers eligible for the Arrearage Management Program.



National Comparison of Arrearage Program

- Of comparable and local Public Power, none offers an Arrearage Management Program.
- Six investor owned utilities have Arrearage Management Programs.

| Comparison of Arrearage Management Programs - November 2014 | | | | | |
|---|-----------------|---|-------------------------------|---------------------------|-------------------------------------|
| State | Type of Utility | Utility Name | Arrearage Management Programs | | |
| | | | AMP Offered | Repayment Period (Months) | Amount of Arrearage Paid by Utility |
| TX | Public | Pedernales Electric Cooperative | × | × | × |
| TX | Public | Bluebonnet Electric Cooperative | × | × | × |
| AZ | Public | Salt River Project | × | × | × |
| TX | Public | City of San Antonio (CPS Energy) | × | × | × |
| CA | Public | Sacramento Municipal Utility District | × | × | × |
| FL | Public | Jacksonville Electric Authority (JEA) | × | × | × |
| TN | Public | Memphis Light Gas & Water | × | × | × |
| WA | Public | Seattle City Light | × | × | × |
| CO | Public | Colorado Springs Utilities | × | × | × |
| TX | Public | Austin Energy (Committee proposed) | ? | 36 | tbd |
| MA | IOU | NSTAR | ✓ | 12+ | 1/12th |
| CT | IOU | Connecticut Light and Power Company | ✓ | 12 | 1/12th |
| PA | IOU | West Penn Power (Allegheny Power) | ✓ | 36 | 1/36th |
| OH | IOU | Dominion East Ohio | ✓ | 24 | 1/24th |
| MO | IOU | Ameren Missouri | ✓ | 12 | 1/12th |
| NY | IOU | Niagara Mohawk Power (National Grid) | ✓ | 24 | \$30/mo. |

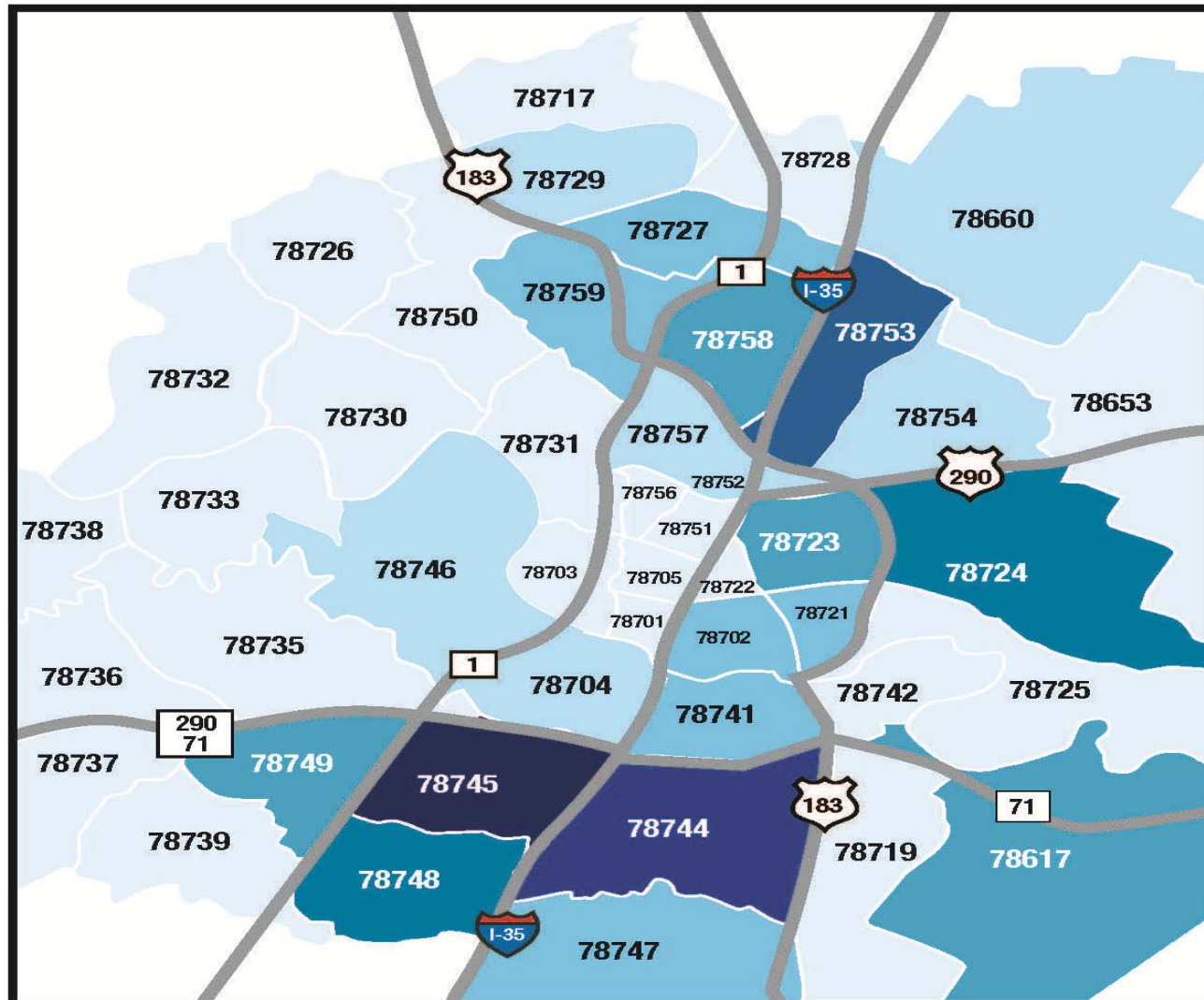


Arrearage Management Program

| | Working Committee CAP Participants | Working Committee CC&B Stabilization Period (Non-CAP) |
|--------------------------------|---|---|
| Customer Debt | \$0.5M | \$7.9M |
| Eligibility | Enrolled or waitlisted on the discount program | Active residential customers who had electric services from June 2011 to June 2013 |
| Benefits | Immediate incentive towards debt beginning month 1 of program. Customer receives education classes and free weatherization. | |
| Length of Program | <i>Determined by amount of debt;</i> <i>\$1,750-\$3,000 = 12 months</i> <i>\$3,001-\$6,000 = 24 months</i> <i>\$6,001+ = 36 months</i> | |
| Down Payment | Not required | Not required |
| Customer Payment Amount | 1 st trimester - 20%, 2 nd trimester - 30%, 3 rd trimester - 40% (max at 5% of FPIL) | 1 st trimester - 40%, 2 nd trimester - 30%, 3 rd trimester - 20% |



Arrearage Customers Debt by ZIP Code



\$ Debt by Zip Code



*includes CAP and non-CAP



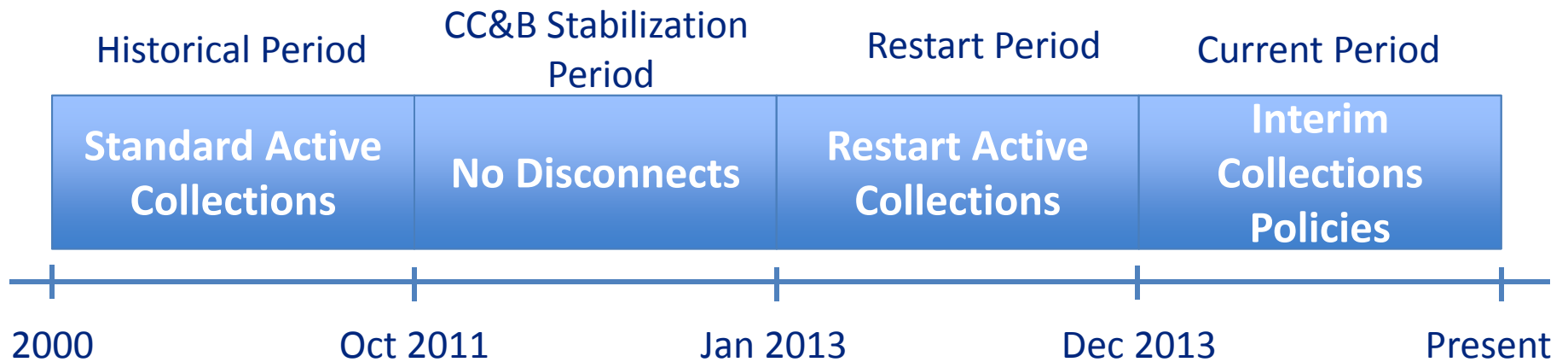
Program Impact Analysis

| | No. of Customers | Total Amount of Customer Debt | Amount Paid by Customer | Amount Paid by City |
|-----------------------------|------------------|-------------------------------|-------------------------|---------------------|
| CAP Discount | 203 | \$0.509 M | \$0.153 M | \$0.356 M |
| Non-CAP Stabilization Group | 2,543 | \$7.877 M | \$2.363 M | \$5.514 M |

- Working Committee members suggested the City's cost could be offset by an improved debt recovery for this subset of customers.
- Working Committee plan would cost an additional \$5.8M to recover \$8.4M



Arrearage Management Program Summary



- AMPs are not industry standard
- Working Committee recommended program for all residential customers who fall into the stabilization period
- Arrearage exists throughout the city



Concerns and Alternatives



Concerns and Considerations

| | Payment Arrangements | Arrearage Management |
|-------------|--|--|
| Financial | <ul style="list-style-type: none">• Growing Accounts Receivable• Increase in Bad Debt Expense• Expensed Bad Debt results in higher rates• Increases the financial burden on all customers | <ul style="list-style-type: none">• Growing Accounts Receivable• Cash outlay of \$5.8M• Practices during the historical period would require no additional money to recover \$6.8M |
| Legal | No issues for reasonable length of arrangements | Possible issue for non-CAP customers |
| Operational | Increased account management of resetting multiple payment arrangements | Reconfigure CC&B Increased account management workload |



Payment Arrangement Policy – Staff Alternatives

| | City of Austin Utilities Response to CAP Policy | City of Austin Utilities Response to Non-CAP Policy |
|--|--|--|
| Eligibility | CAP Customer | General Residential |
| Length of Term | 36 month maximum; Payment not to exceed 5% of Federal Poverty Income Level | Up to 8 months (CSR) Up to 12 months (Supervisors) |
| Number of PA's Allowed | 2 Payment Arrangements 3rd with *Bona Fide Reason | 1 Payment Arrangement 2nd with "Bona Fide" Reason |
| Down Payment | NO | Yes - 50% down, exceptions approved by Supervisors |
| *Bona Fide Reasons= serious illness or injury by account holder or household member; loss of employment; economic loss due to natural disaster; domestic violence against the customer; a commitment by an independent program to assist customer with payment | | |



Arrearage Management Program – Staff Alternatives

| | City of Austin Utilities Response CAP (Same as Working Group) | City of Austin Utilities Response Stabilization Period (Non-CAP) |
|--------------------------------|---|---|
| Eligibility | Enrolled or waitlisted on the discount program | <p>The Utilities do not recommend an arrearage management program for this group.</p> <p>City recommends a special <u>60-month</u> Payment Arrangement</p> <p>2 Payment Arrangements 3rd with "Bona Fide" Reason</p> |
| Benefits | Immediate incentive towards debt beginning month 1 of program. Customer receives education classes and free weatherization. | |
| Length of Program | <i>Determined by amount of debt;</i> \$1,750-\$3,000 = 12 months \$3,001-\$6,000 = 24 months \$6,001+ = 36 months | |
| Down Payment | Not required | |
| Customer Payment Amount | 1 st trimester - 40%, 2 nd trimester - 30%, 3 rd trimester - 20% | |
| Customer Debt | \$0.5M | |



Next Steps

- Complete commissions briefings process
- Obtain additional data
- Legal issues review
- Bring back final recommendations to council committee



Appendix: Working Group Members

Utility Committee Members

Kerry Overton – Austin Energy
Alice Flora – Austin Water
Diane Gonzales – Watershed Protection

Jawana Gutierrez – Austin Energy
Jessica Edwards – Austin Resource Recovery

Discount Steering Committee Members

Linda Perez – Meals on Wheels
Michelle Akers- Housing Authority
Tonda Owens – Travis County
Angel Ramirez – Texas VFW

Gloria Cueva – Caritas
Pat Macy – Faith Based Organizations
Kathleen Hopkins – Any Baby Can

Advocate Committee Members

Bob Batlan – Austin Interfaith
Ruby Roa – Ladies Of Charity
Lanetta Cooper – Texas Legal Services
Dan Pruett – One Voice
Vanessa Saria – Community Advancement Network

Kathy Stark – Austin Tenant's Council
Mark Widoff – Texas Gray Panthers
Carol Biedrzycki – Texas ROSE



Training & Customer Service Practices

| Advocacy Group Recommendation | City of Austin Utility Current Program Components |
|---|---|
| <p>Inquiries and referrals to assistance and conservation and efficiency programs would be part of the conference between the customer and the AE Customer Care employee</p> | <p>New hire training includes 15 hours of training on:</p> <ul style="list-style-type: none"> -Determining that a customer needs help when it hasn't been explicitly stated -Difference between a high bill due to AE error vs. high bill due to usage patterns -Analyzing usage patterns Identifying conservation programs that may benefit the customer -Connecting customer with assistance agencies <p><i>Refresher training provided as needed</i></p> |
| <p>As part of the referral process, there should be an explanation of any arrearage programs including providing the customer application forms and instructions.</p> | <p>If and when an arrearage program is created and funded, the training curriculum will be update to include all of the aforementioned items.</p> |
| <p>Develop training modules to instruct Customer Care employees on performing one-to-one customer conferences in a compassionate manner with a focus on empathy and consistency of service.</p> | <p>All new hires complete a 12 hour Customer Relationship Building class. The focus is on improving the customer experience through communication.</p> <p>Employees are also coached on these concepts during monthly call quality coaching sessions</p> |
| <p>Develop referral forms that would tailor contact persons and their contact numbers to greater enable customers with bill paying problems to connect with available resources. Application forms should be provided to the customer.</p> | <p>Referring customer to available resources is covered within the 15 hours of training covered on assistance agencies and conservation</p> |
| <p>Empower Customer Service Representatives to ensure AE staff have flexibility in working with customers to develop a realistic and reasonable solution to their utility bill problems.</p> | <p>New hire training includes 12 hours of training on:</p> <ul style="list-style-type: none"> -Working with customer to create a payment arrangement that sets the customer up for success -Engaging other AE workgroups -Tying in topics already covered about conservation and assistance agencies <p><i>Refresher training provided as needed</i></p> |
| <p>New hire training includes:</p> <ul style="list-style-type: none"> -125 hours of classroom instruction -75 hours of trainer supported phone time <p>New hires transition to a nesting environment in the call center for 4 to 6 weeks directly after new hire training</p> | |



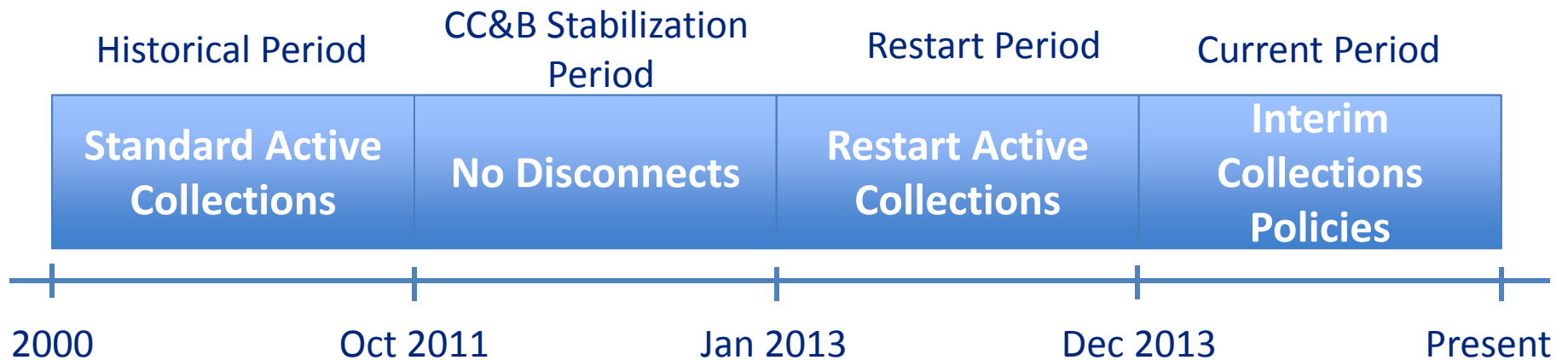
Payment Arrangements & Arrearage Management

Electric Utility and Resource Management Commissions
RECOMMENDATIONS from Staff and Working Group
November 2014





Timeline

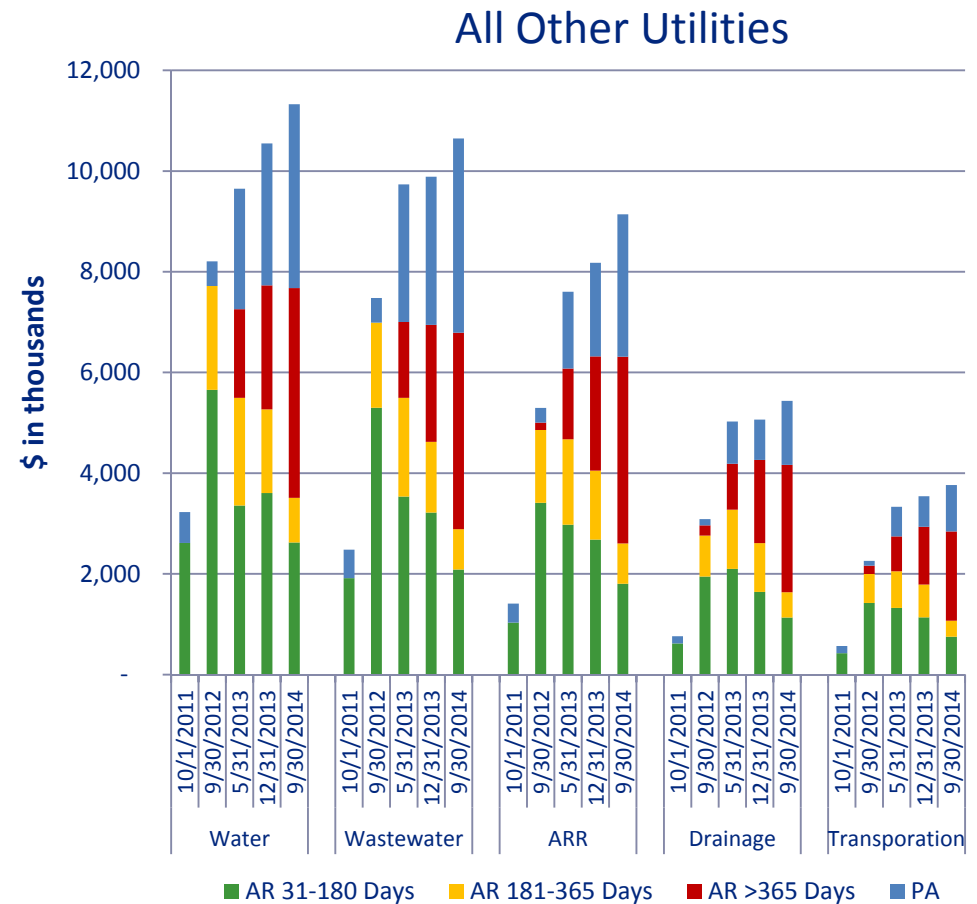
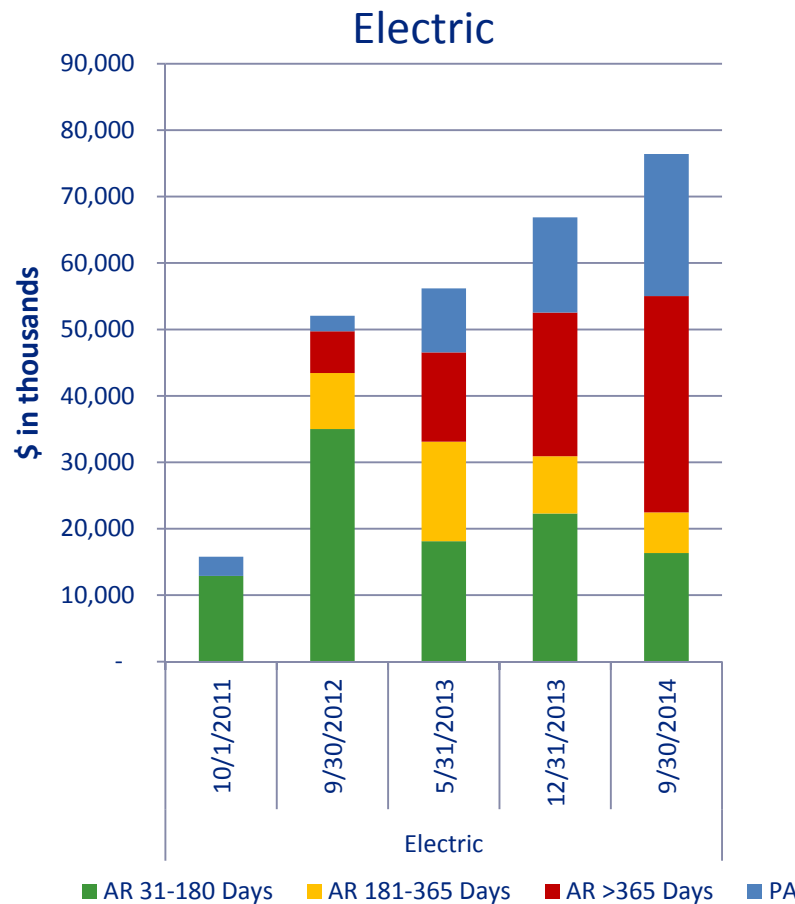


- For 11 years the City managed customer debt under same policy
- During the stabilization of new billing system it is best practice to suspend collections activity
- When we stopped disconnecting, customer debt increased beyond normal levels
- We have been operating under an interim collections policy for 1 year, pending Council review of Committee recommendations



Unpaid and Overdue Customer Debt

- Change in policy in 2011 has increased customer debt owed to the City over the past 3 years
- 2013 policy shift compounded the customer debt issue





Goal

Reduce customer debt owed
to the City



Council Resolution No. 20131107-052

City Manager to work with Discount Steering Committee and other consumer advocates to:

- **Revise Deferred Payment Arrangements & disconnection policies**
- **Develop an Arrearage Management Program (best practices & customer incentives)**
- **Develop customer service practices to better inform customers about resources**



Payment Arrangement Policy - CAP

| | Working Committee Recommended Policy for CAP | City of Austin Utilities Alternative to CAP Policy |
|--|---|---|
| Eligibility | CAP Customer | CAP Customer |
| Length of Term | Unlimited | 36 month maximum; Payment not to exceed 5% of FPIL |
| Number of PA's Allowed | 3 Payment Arrangements 4th with "Bona Fide" Reason* | 2 Payment Arrangements 3rd with "Bona Fide" Reason |
| Down Payment | NO | NO |
| *Bona Fide Reasons= serious illness or injury by account holder or household member; loss of employment; economic loss due to natural disaster; domestic violence against the customer; a commitment by an independent program to assist customer with payment | | |



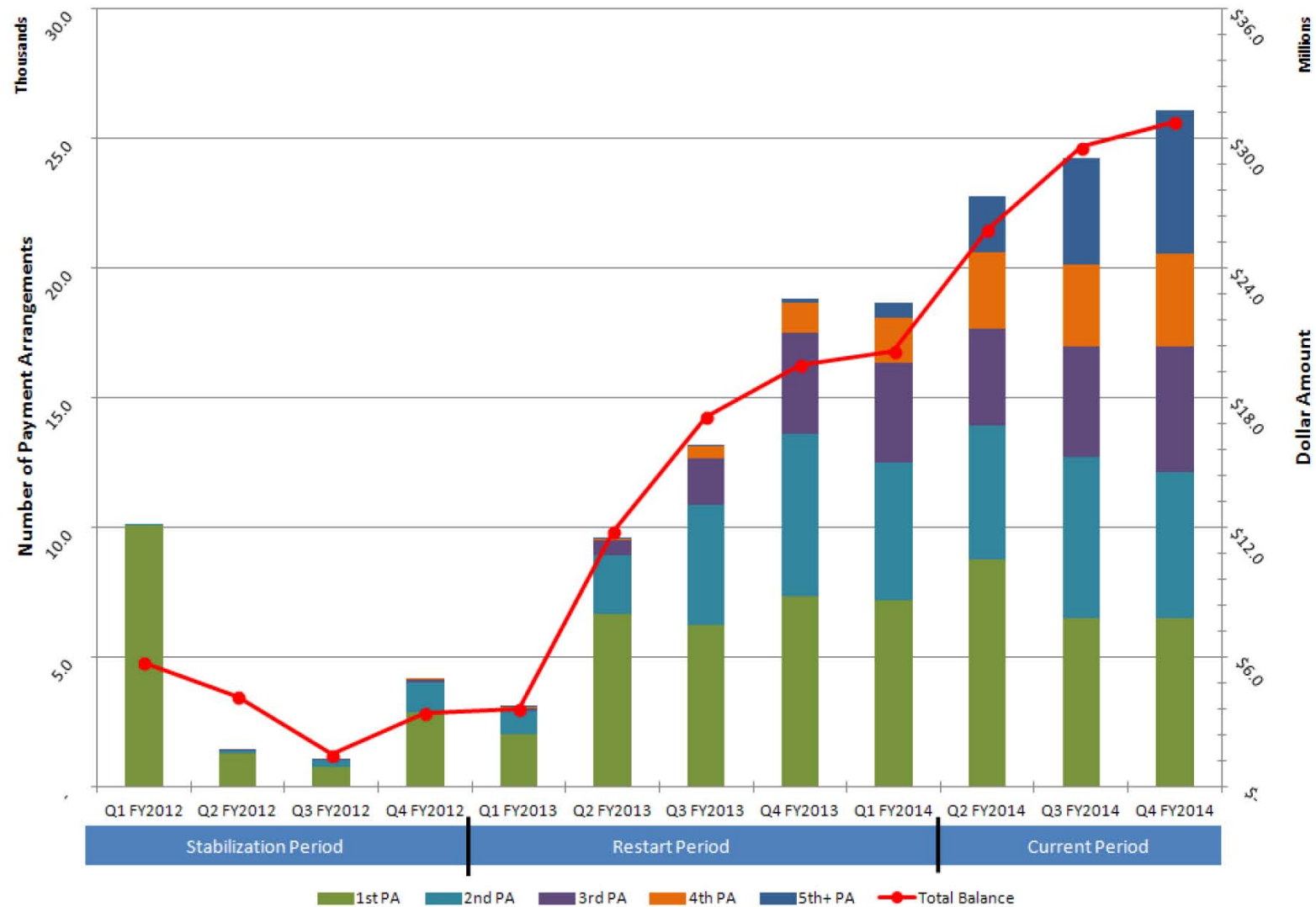
Payment Arrangement Policy – Non CAP

| | Working Committee Recommended Policy for Non-CAP | City of Austin Utilities Alternative to Non-CAP Policy |
|--|---|---|
| Eligibility | General Residential | General Residential |
| Length of Term | Up to 24 months (CSR) Up to 36 months (Supervisors) | Up to 8 months (CSR) Up to 12 months (Supervisors) |
| Number of PA's Allowed | 3 Payment Arrangements 4th with "Bona Fide" Reason* | 1 Payment Arrangement 2nd with "Bona Fide" Reason |
| Down Payment | Yes -Down payment equal to first month installment | Yes - 50% down, exceptions approved by Supervisors |
| *Bona Fide Reasons= serious illness or injury by account holder or household member; loss of employment; economic loss due to natural disaster; domestic violence against the customer; a commitment by an independent program to assist customer with payment | | |



History of Payment Arrangement Policy

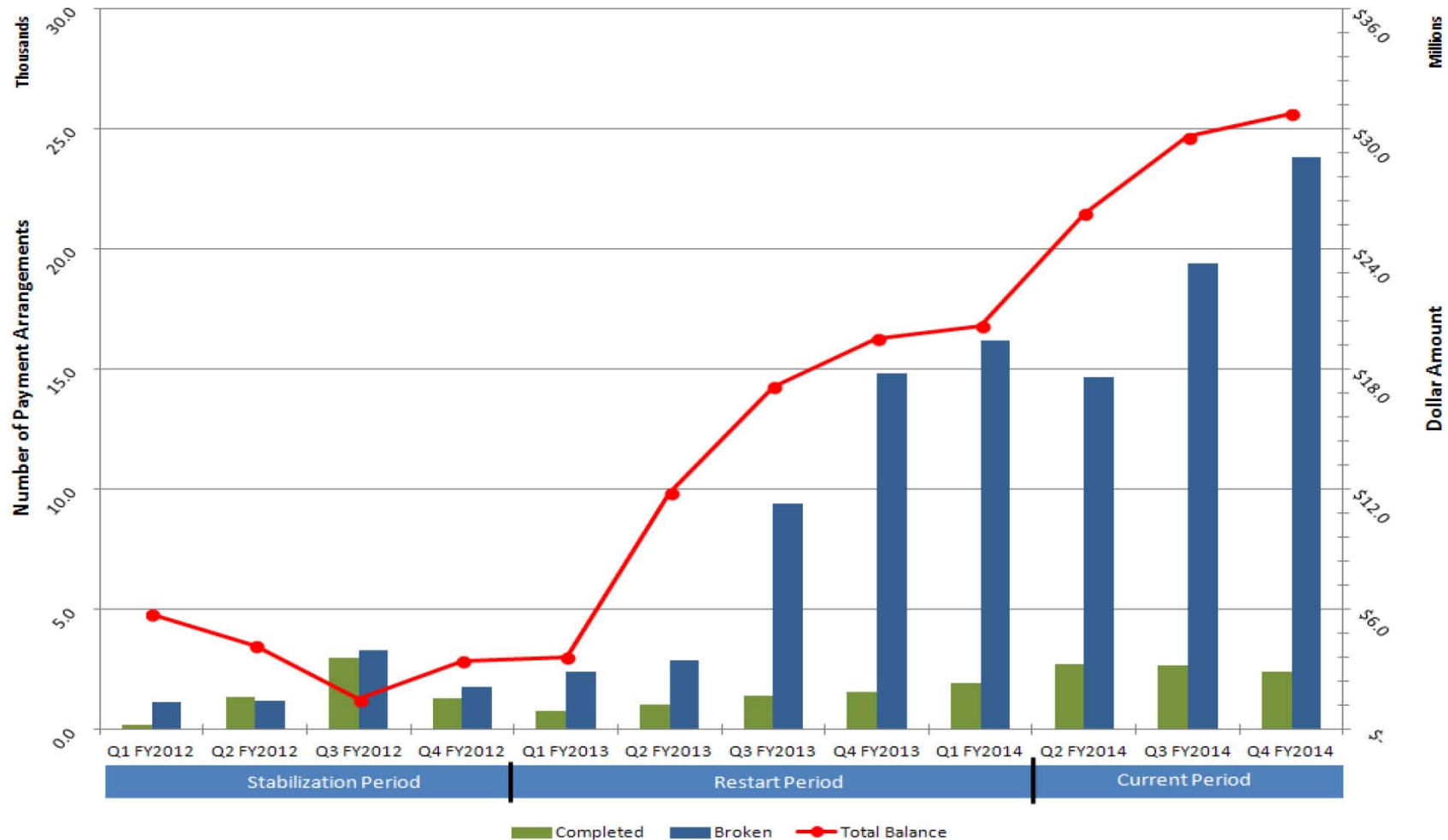
Quarterly Payment Arrangement Allocation (# Started / Total \$)





Impact of Payment Arrangement Policy

Quarterly Payment Arrangement Allocation (# Ending / Total \$)



- Customer behavior did not improve with a more relaxed Payment Arrangement policy.



Current Payment Arrangement Policy

| | Policy During Historical Period | Current Policy |
|-------------------------------|--|--|
| Eligibility | All Residential | All Residential |
| Length of Term | 3 – 6 months | 36 months (non-CAP) Unlimited (CAP) |
| Number of PA's Allowed | 1 Payment Arrangement (Offered 2 nd with special circumstance) | 3 Payment Arrangements, 4th Payment Arrangement for any customer identifying a "Bona Fide" Reason * |
| Disconnect | Yes, after 1 broken arrangement | Yes, after 4 broken arrangements |
| Down Payment | 10-50% of past due required | None required |



National Comparison of Payment Arrangements

| Comparison of Payment Arrangements by Utility - November 2014 | | | | | | | |
|---|-------|-----------------|---|---------------------------|------------|--------------------|--------------|
| | State | Type of Utility | Utility Name | Payment Arrangements (PA) | | | |
| | | | | PA Offered | Term (mo.) | No. of PAs allowed | Down Payment |
| Public Utilities | TX | Public | Pedernales Electric Cooperative | ✓ | 6 | 1 | ✓ |
| | TX | Public | Bluebonnet Electric Cooperative | ✓ | 3 | 1 | ✓ |
| | AZ | Public | Salt River Project | ✓ | 6+ | 1 | ✓ |
| | TX | Public | City of San Antonio (CPS Energy) | ✓ | 12 | 2 | ✗ |
| | CA | Public | Sacramento Municipal Utility District | ✓ | 12 | 1 | ✗ |
| | FL | Public | Jacksonville Electric Authority (JEA) | ✓ | 12 | 1 | ✗ |
| | TN | Public | Memphis Light Gas & Water | ✓ | 5 | 1 | ✓ |
| | WA | Public | Seattle City Light | ✓ | 1 | 2 | ✓ |
| | CO | Public | Colorado Springs Utilities | ✓ | 1 | 2 | ✗ |
| | TX | Public | Austin Energy (Committee proposed) | ✓ | 36/48 | 3/4 | ✓ |

- Proposed policy provides longer periods and more payments arrangements than industry norms.

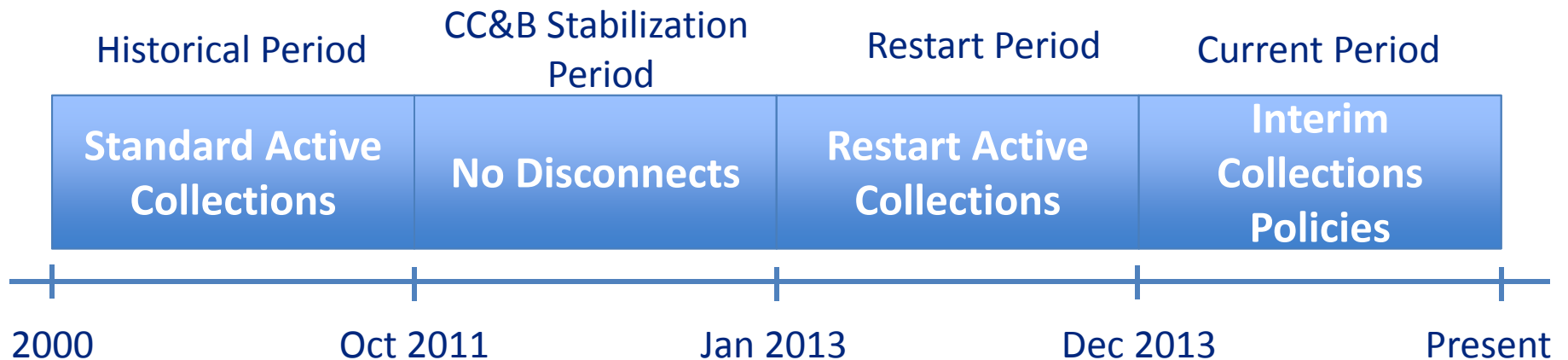


Working Committee Recommendation

| | Working Committee Recommended Policy for CAP 1a. | Working Committee Recommended Policy for Non-CAP 2a. |
|--|--|--|
| Eligibility | CAP Discount Customer | General Residential |
| Length of Term | Unlimited (Payment not to exceed 5% of Federal Poverty Income Level) | Up to 24 months (CSR) Up to 36 months (Supervisors) |
| Number of PA's Allowed | 3 Payment Arrangements 4th with "Bona Fide" Reason* | 3 Payment Arrangements 4th with "Bona Fide" Reason* |
| Down Payment | NO | Yes -Down payment equal to first month installment |
| *Bona Fide Reasons= serious illness or injury by account holder or household member; loss of employment; economic loss due to natural disaster; domestic violence against the customer; a commitment by an independent program to assist customer with payment | | |



Payment Arrangement Summary



- Working Committee believes cessation of collection activities during stabilization period led to undue economic burden on customers
- Working Committee sought to create a policy that reduces the economic burden on customers
- Working Committee recommendations mirror current Council policy for CAP customers



National Comparison of Arrearage Program

- Of comparable and local Public Power, none offers an Arrearage Management Program.
- Six investor owned utilities have Arrearage Management Programs.

| Comparison of Arrearage Management Programs - November 2014 | | | | | |
|---|-----------------|---|-------------------------------|---------------------------|-------------------------------------|
| State | Type of Utility | Utility Name | Arrearage Management Programs | | |
| | | | AMP Offered | Repayment Period (Months) | Amount of Arrearage Paid by Utility |
| TX | Public | Pedernales Electric Cooperative | × | × | × |
| TX | Public | Bluebonnet Electric Cooperative | × | × | × |
| AZ | Public | Salt River Project | × | × | × |
| TX | Public | City of San Antonio (CPS Energy) | × | × | × |
| CA | Public | Sacramento Municipal Utility District | × | × | × |
| FL | Public | Jacksonville Electric Authority (JEA) | × | × | × |
| TN | Public | Memphis Light Gas & Water | × | × | × |
| WA | Public | Seattle City Light | × | × | × |
| CO | Public | Colorado Springs Utilities | × | × | × |
| TX | Public | Austin Energy (Committee proposed) | ? | 36 | tbd |
| MA | IOU | NSTAR | ✓ | 12+ | 1/12th |
| CT | IOU | Connecticut Light and Power Company | ✓ | 12 | 1/12th |
| PA | IOU | West Penn Power (Allegheny Power) | ✓ | 36 | 1/36th |
| OH | IOU | Dominion East Ohio | ✓ | 24 | 1/24th |
| MO | IOU | Ameren Missouri | ✓ | 12 | 1/12th |
| NY | IOU | Niagara Mohawk Power (National Grid) | ✓ | 24 | \$30/mo. |

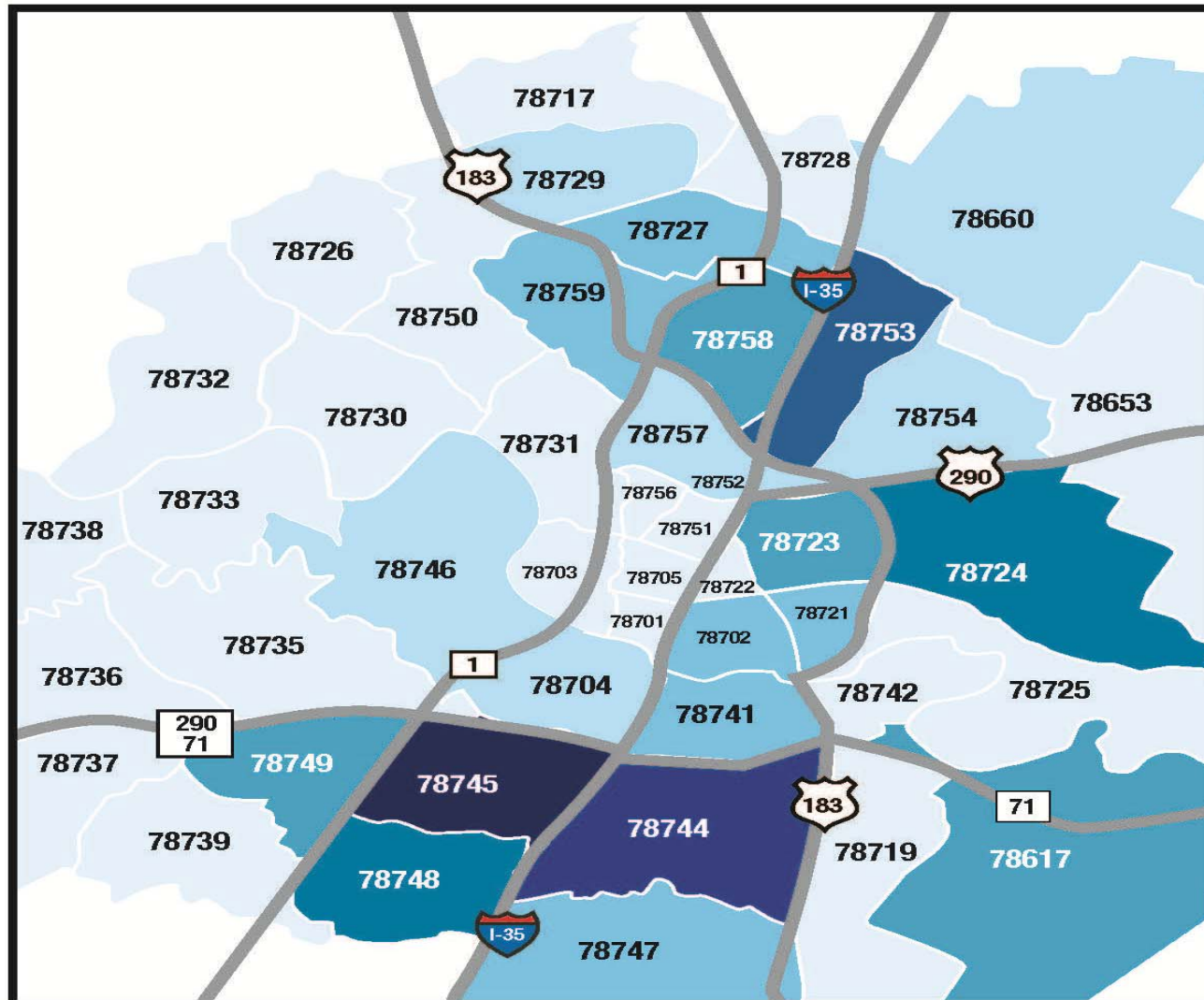


Arrearage Management Program

| | Working Committee CAP Participants 3a. | Working Committee CC&B Stabilization Period (Non-CAP) 4a. |
|--------------------------------|--|---|
| Customer Debt | \$0.5M | \$7.9M |
| Eligibility | Enrolled or waitlisted on the discount program | Active residential customers who had electric services from June 2011 to June 2013 |
| Benefits | Immediate incentive towards debt beginning month 1 of program. Customer receives education classes and free weatherization. | |
| Length of Program | <i>Determined by amount of debt;</i> \$1,750-\$3,000 = 12 months \$3,001-\$6,000 = 24 months \$6,001+ = 36 months | |
| Down Payment | Not required | Not required |
| Customer Payment Amount | 1 st trimester - 20%, 2 nd trimester - 30%, 3 rd trimester - 40% (max at 5% of FPIL) | 1 st trimester - 40%, 2 nd trimester - 30%, 3 rd trimester - 20% |



Arrearage Customers Debt by ZIP Code



\$ Debt by Zip Code



*includes CAP and non-CAP



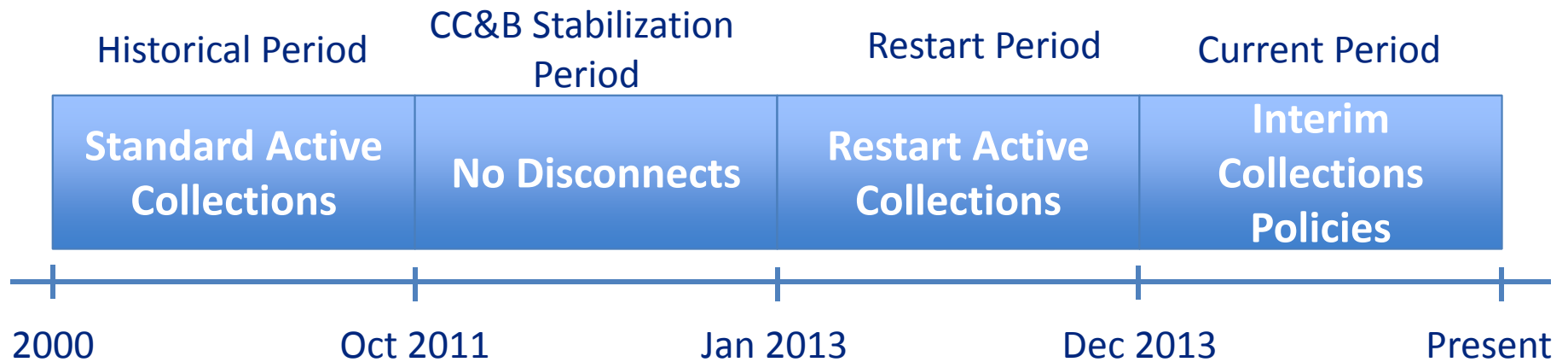
Program Impact Analysis

| | No. of Customers | Total Amount of Customer Debt | Amount Paid by Customer | Amount Paid by City |
|-----------------------------|------------------|-------------------------------|-------------------------|---------------------|
| CAP Discount | 203 | \$0.509 M | \$0.153 M | \$0.356 M |
| Non-CAP Stabilization Group | 2,543 | \$7.877 M | \$2.363 M | \$5.514 M |

- Working Committee members suggested the City's cost could be offset by an improved debt recovery for this subset of customers.
- Working Committee plan would cost an additional \$5.8M to recover \$8.4M



Arrearage Management Program Summary



- AMPs are not industry standard
- Working Committee recommended program for all residential customers who fall into the stabilization period
- Arrearage exists throughout the city



Payment Arrangements / Arrearage Management

| Payment Arrangements | Arrearage Management |
|--|---|
| Short –term payment | Longer-term customer debt management |
| Customer makes monthly payments on outstanding customer debt | Customer and <u>City</u> make monthly payments on outstanding customer debt |
| All customers are eligible | Limited to active residential customers who had electric services from June 2011 to June 2013 (CC&B Stabilization Period) |



National Arrearage Program Comparisons

- Proposed policy provides longer periods and more payments arrangements than industry norms.
- Of comparable and local Public Power, none offers an Arrearage Management Program.
- Six investor owned utilities have Arrearage Management Programs.

| Comparison of Payment Arrangement and Arrearage Management Programs by Utility - November 2014 | | | | | | | | | | | |
|--|-------|-----------------|---------------------------------------|---------------------------|------------|--------------------|--------------|--------------------|-------------------------------------|---------------------------|------------------|
| | State | Type of Utility | Utility Name | Payment Arrangements (PA) | | | | | Arrearage Management Programs (AMP) | | |
| | | | | PA Offered | Term (mo.) | No. of PAs allowed | Down Payment | Low Income Policy? | AMP Offered | Repayment Period (Months) | Arrearage Credit |
| Public Utilities | TX | Coop | Pedernales Electric Cooperative | ✓ | 6 | 1 | ✓ | ✗ | ✗ | ✗ | ✗ |
| | TX | Coop | Bluebonnet Electric Cooperative | ✓ | 3 | 1 | ✓ | ✗ | ✗ | ✗ | ✗ |
| | AZ | Muni | Salt River Project | ✓ | 6+ | 1 | ✓ | ✗ | ✗ | ✗ | ✗ |
| | TX | Muni | CPS Energy | ✓ | 12 | 2 | ✗ | ✗ | ✗ | ✗ | ✗ |
| | CA | Muni | Sacramento Municipal Utility District | ✓ | 12 | 1 | ✗ | ✗ | ✗ | ✗ | ✗ |
| | FL | Muni | Jacksonville Electric Authority (JEA) | ✓ | 12 | 1 | ✗ | ✗ | ✗ | ✗ | ✗ |
| | TN | Muni | Memphis Light Gas & Water | ✓ | 5 | 1 | ✓ | ✗ | ✗ | ✗ | ✗ |
| | WA | Muni | Seattle City Light | ✓ | 1 | 2 | ✓ | ✗ | ✗ | ✗ | ✗ |
| | CO | Muni | Colorado Springs Utilities | ✓ | 1 | 2 | ✗ | ✗ | ✗ | ✗ | ✗ |
| | TX | Muni | Austin Energy | ✓ | 36/48 | 3/4 | ✓ | ✓ | ✓ | 12/24/36 | \$1750-\$6001+ |
| PUC Mandated Programs | MA | IOU | NSTAR | ✓ | 4-6 | 1+ | ✓ | ✓ | ✓ | 12+ | 1/12th |
| | CT | IOU | Connecticut Light and Power Company | ✓ | 6-11 | 1 | ✓ | ✓ | ✓ | 12 | 1/12th |
| | PA | IOU | West Penn Power (Allegheny Power) | ✓ | 6/12/14 | 2 | ✓ | ✓ | ✓ | 36 | 1/36th |
| | OH | IOU | Dominion East Ohio | ✓ | 2-12 | 1 | ✓ | ✓ | ✓ | 24 | 1/24th |
| | MO | IOU | Ameren Missouri | ✓ | 3 | 1 | ✓ | ✗ | ✓ | 12 | 1/12th |
| | NY | IOU | Niagara Mohawk Power (National Grid) | ✓ | no limit | no limit | ✓ | ✓ | ✓ | 24 | \$30/mo. |



Concerns and Considerations

| | Payment Arrangements | Arrearage Management |
|-------------|---|--|
| Financial | <ul style="list-style-type: none"> • Growing Accounts Receivable • Increase in Bad Debt Expense • Expensed Bad Debt results in higher rates • Increases the financial burden on all customers | <ul style="list-style-type: none"> • Growing Accounts Receivable • Cash outlay of \$5.8M • Practices during the historical period would require no additional money to recover \$6.8M |
| Legal | No issues for reasonable length of arrangements | Possible issue for non-CAP customers |
| Operational | Increased account management of resetting multiple payment arrangements | Reconfigure CC&B Increased account management workload |



Payment Arrangement Policy – Staff Alternatives

| | City of Austin Utilities Response to CAP Policy 1b. | City of Austin Utilities Response to Non-CAP Policy 2b. |
|--|--|---|
| Eligibility | CAP Customer | General Residential |
| Length of Term | 36 month maximum; Payment not to exceed 5% of Federal Poverty Income Level | Up to 8 months (CSR) Up to 12 months (Supervisors) |
| Number of PA's Allowed | 2 Payment Arrangements 3rd with *Bona Fide Reason | 1 Payment Arrangement 2nd with "Bona Fide" Reason |
| Down Payment | NO | Yes - 50% down, exceptions approved by Supervisors |
| *Bona Fide Reasons= serious illness or injury by account holder or household member; loss of employment; economic loss due to natural disaster; domestic violence against the customer; a commitment by an independent program to assist customer with payment | | |



Arrearage Management Program – Staff Alternatives

| | City of Austin Utilities Response CAP (Same as Working Group) 3b. | City of Austin Utilities Response Stabilization Period (Non-CAP) 4b. |
|--------------------------------|---|---|
| Eligibility | Enrolled or waitlisted on the discount program | <p>The Utilities do not recommend an arrearage management program for this group.</p> <p>City recommends a special <u>60-month</u> Payment Arrangement</p> <p>2 Payment Arrangements 3rd with "Bona Fide" Reason</p> |
| Benefits | Immediate incentive towards debt beginning month 1 of program. Customer receives education classes and free weatherization. | |
| Length of Program | <i>Determined by amount of debt;</i> \$1,750-\$3,000 = 12 months \$3,001-\$6,000 = 24 months \$6,001+ = 36 months | |
| Down Payment | Not required | |
| Customer Payment Amount | 1 st trimester - 40%, 2 nd trimester - 30%, 3 rd trimester - 20% | |
| Customer Debt | \$0.5M | |



Next Steps

- Approve Low Income Working Committee Recommendations as written
- Approve Committee recommendations with modifications (could include Staff alternatives)
- Other action

Payment Arrangement Policy

1. Payment Arrangement Policy Change for CAP Customers

a. as written

or

b. with staff modifications

2. Payment Arrangement Policy Change for Non-CAP Customers

a. as written

or

b. with staff modifications

Arrearage Management Program

3. Arrearage Management Program for CAP Customers

a. as written

or

b. with staff modifications

4. Arrearage Management Program for Non-CAP Customers

a. as written

or

b. with staff modifications



Austin Energy: Financial Overview and Policy Discussion

Austin Energy Utility
Oversight Committee
March 26, 2015





Austin Energy Discussion Topics

- 1. Financial overview, page 2**
2. Commercial Paper and refunding bonds, page 13
3. Cash and reserves, page 18
4. Bad debt, payment arrangements, arrearage management, and hearing process, page 21
5. Customer Assistance Program enrollment, page 36
6. 3 largest industrial customer contracts, page 40



Austin Energy Financial Reports

Austin Energy is required to report its financial performance in two separate and distinct formats, the Fund Summary and Financial Statements. These two reports will not necessarily match and are used for different purposes.

Fund Summary

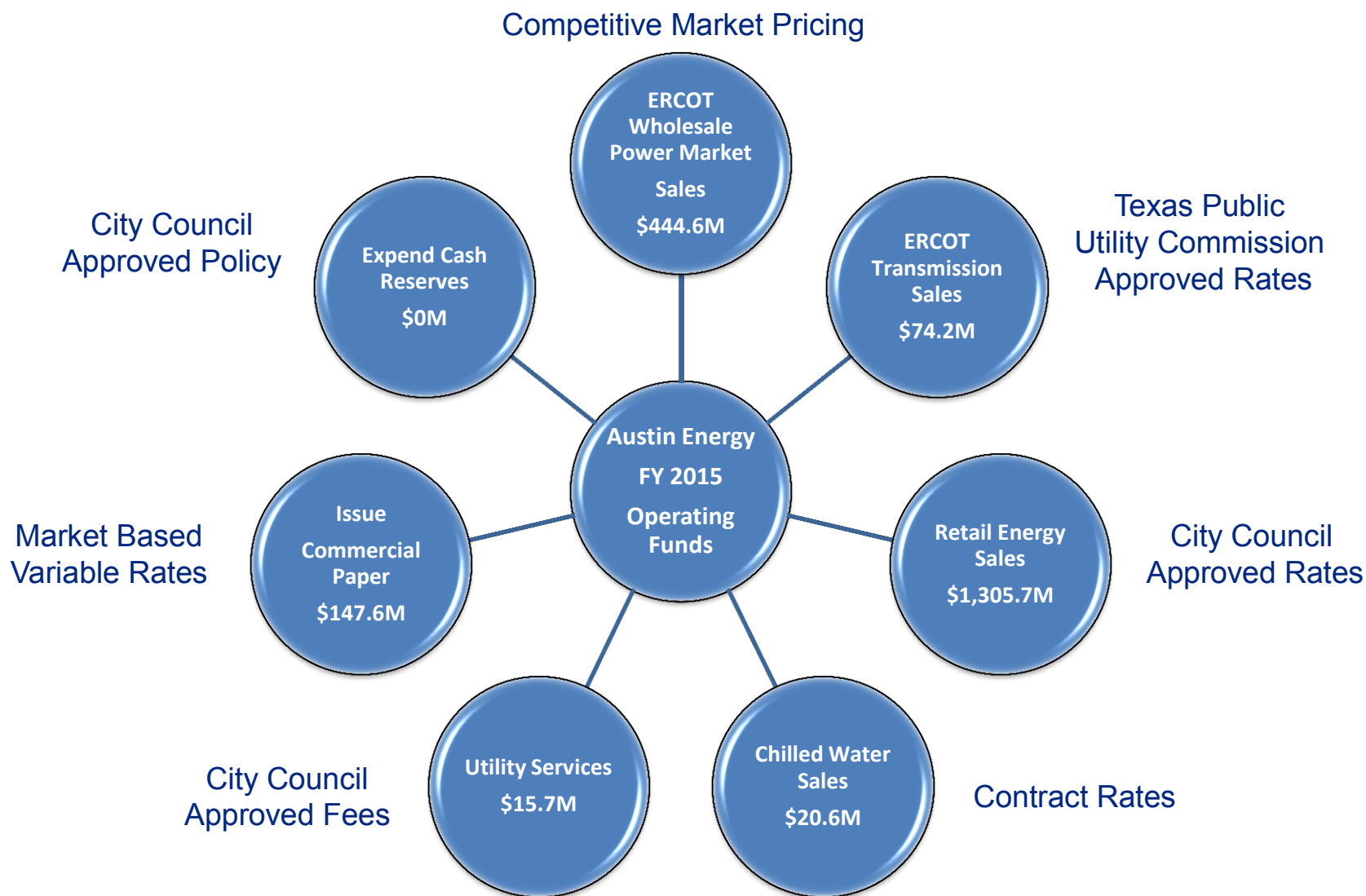
- Reports the approved budget and actual revenues and expenditures
- Funds are structured to reflect the operating activities of the utility
- Represents cash received and payments expected to be paid during the fiscal year
- Encumbrances recognized in the year committed
- Relied upon by City of Austin stakeholders to ensure compliance with approved budget

Financial Statements

- Reports the Income Statement, Balance Sheet and Statement of Cash Flows (Comprehensive Annual Financial Report)
- Used to account for services for which the utility charges its customers
- Must comply with Generally Accepted Accounting Principles (GAAP) and subject to an annual audit
- Revenue is recognized when earned and expenses recorded when a liability is incurred
- Includes non-cash items such as depreciation and amortization
- Relied upon by City of Austin stakeholders, joint project partners, credit rating agencies, external bond holders and vendors to gauge financial health and integrity



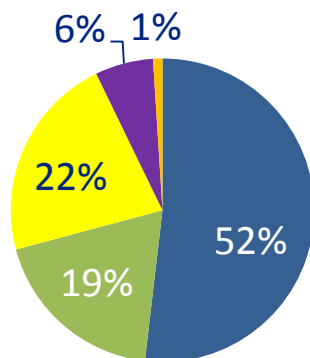
Austin Energy's Major Funding Sources





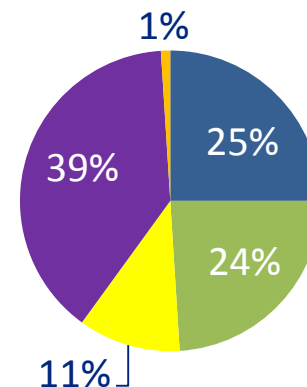
Austin Energy's Power Supply 1st Quarter 2015

Power Supply Cost by Type / Source (\$)



■ Renewables ■ Coal ■ Natural Gas ■ Nuclear ■ Bilateral

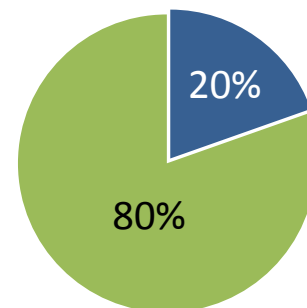
Power Supply By Type / Source (MWh)



■ Renewables ■ Coal ■ Natural Gas ■ Nuclear ■ Bilateral

Power supply cost represents the marginal cost for each type / source. For coal, natural gas and nuclear, this is the cost of the fuel needed to generate the power. For renewables and bilaterals, it is the agreed upon price for each MWh supplied.

Renewable Percent of Load (MWh)



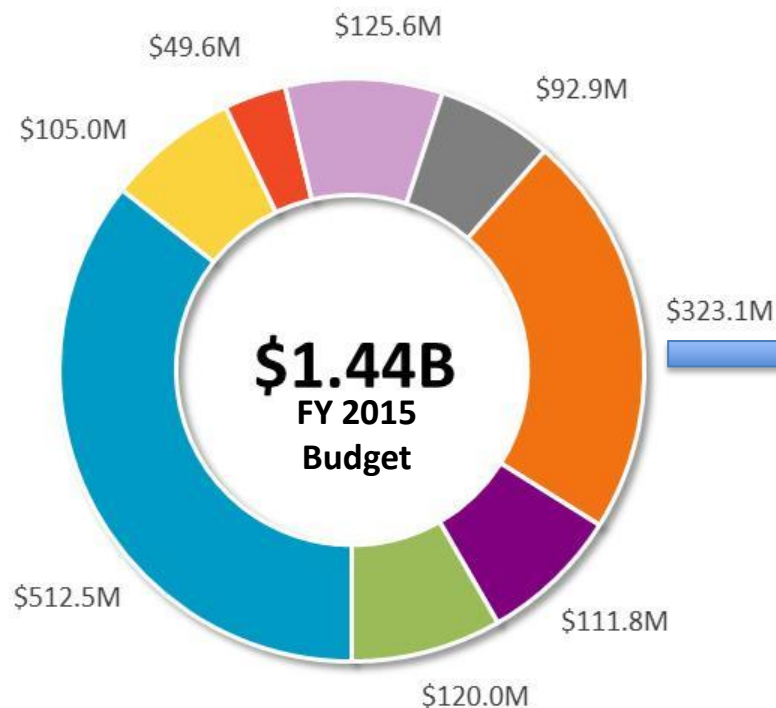
■ Renewables ■ Non-Renewables



Resources that Austin Energy Uses for its Operations

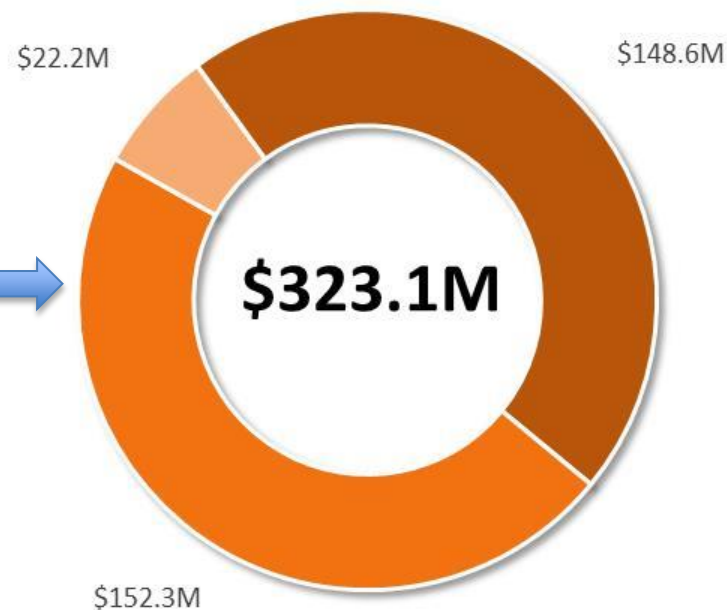
Operating Requirements

(\$ Millions)



Operations & Maintenance

(\$ Millions)



- Net Cost of Electricity
- City Services
- Joint Projects FPP/STP
- Internal Transfers/CIP/Reserves
- General Fund Transfer
- Transmission & ERCOT
- O&M
- Debt Service

- Personnel
- Contractuals
- Commodities



Austin Energy Five Year Capital Spending Plan

\$1.2 Billion Five Year Capital Spending Plan

| \$ in Millions | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2015-2019 |
|---------------------------|----------------|----------------|----------------|----------------|----------------|------------------|
| | | | | | | Total |
| Distribution | 82.8 | 69.0 | 70.2 | 66.8 | 66.3 | 355.1 |
| Distribution Substation | 10.5 | 9.1 | 17.9 | 11.5 | 14.7 | 63.7 |
| Transmission | 25.9 | 29.3 | 20.2 | 26.7 | 24.1 | 126.2 |
| Electric Service Delivery | 119.2 | 107.4 | 108.3 | 105.0 | 105.1 | 545.0 |
| Power Production | 48.7 | 75.7 | 123.6 | 66.5 | 5.0 | 319.5 |
| Joint Projects | 11.0 | 12.8 | 10.5 | 10.6 | 11.2 | 56.1 |
| Non-Utility | 19.2 | 21.9 | 22.5 | 19.9 | 8.7 | 92.2 |
| General | 56.0 | 52.4 | 49.6 | 16.9 | 8.3 | 183.2 |
| Total | <u>\$254.1</u> | <u>\$270.2</u> | <u>\$314.5</u> | <u>\$218.9</u> | <u>\$138.3</u> | <u>\$1,196.0</u> |

- Projects for power supply, reliability and customer service
 - Electric Service Delivery - 46% of 5-year plan
 - Power Production - includes 200 MW expansion at Sand Hill Energy Center in FY 2015-2018



Austin Energy Forecasting

- Austin Energy prepares and maintains a financial forecast for both the short- and long-term periods
- Short-term forecast is used for the annual budget, 5-year capital spending plan and adjustable rate elements
 - Short-term is actionable and contains the most risk
 - Greatest financial risk is found in the “Fuel Budget”, or the net cost of electricity
 - Financial risk is handled with dynamic forecasting methods, an active trading and hedging program and prudent use of cash and reserves
- Long-term forecast used for debt management and strategic planning
 - Greatest risk is inappropriate capital investment decisions
 - Potential over-commitment to long-term supply contracts

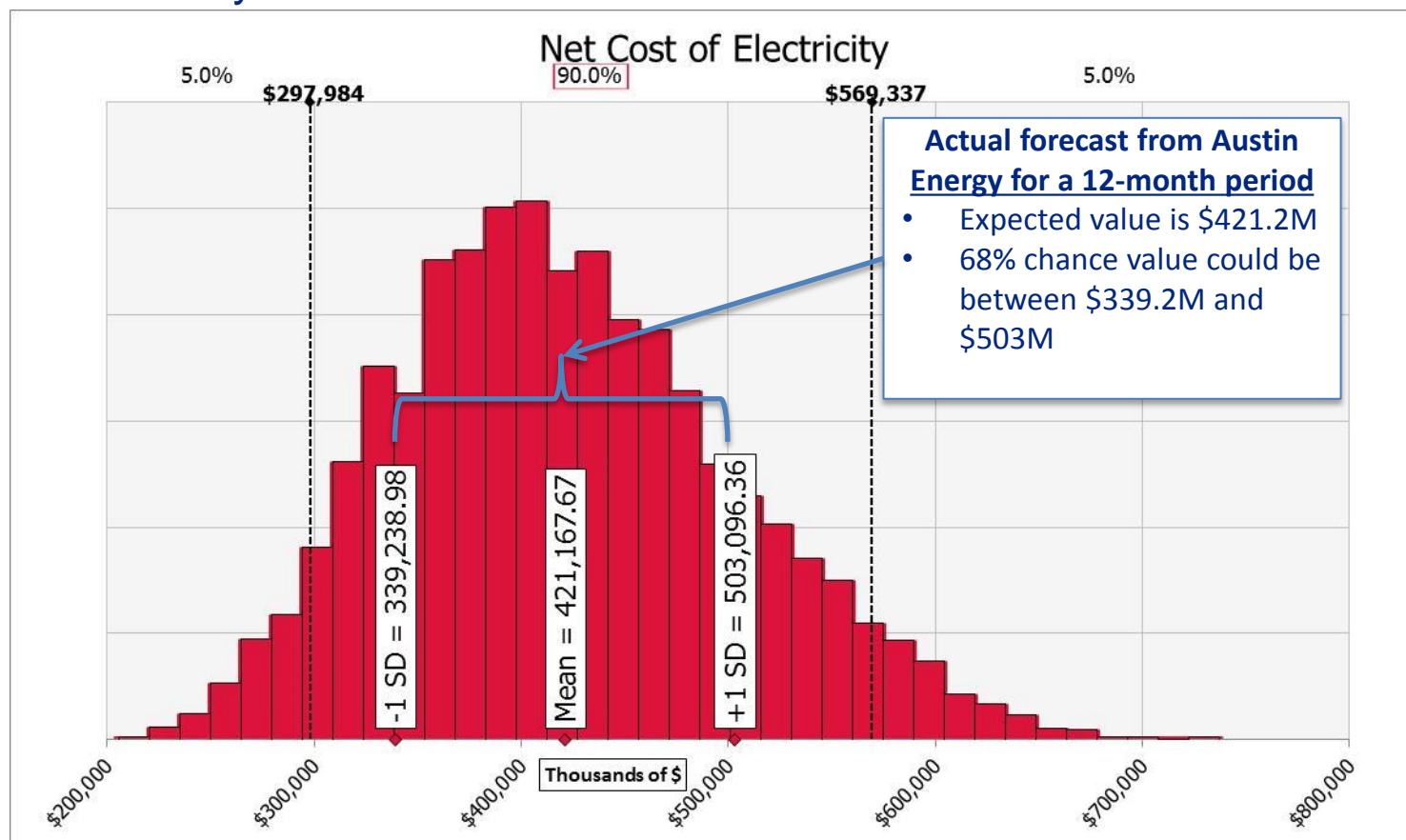


Austin Energy Forecasting

The greatest risk in Austin Energy's forecast is the Fuel Budget, or net cost of electricity. Because of the uncertainty, we use a probabilistic method to forecast. The Rate Stabilization reserve, once funded, will serve as protection for the utility during periods of volatility.

Variables:

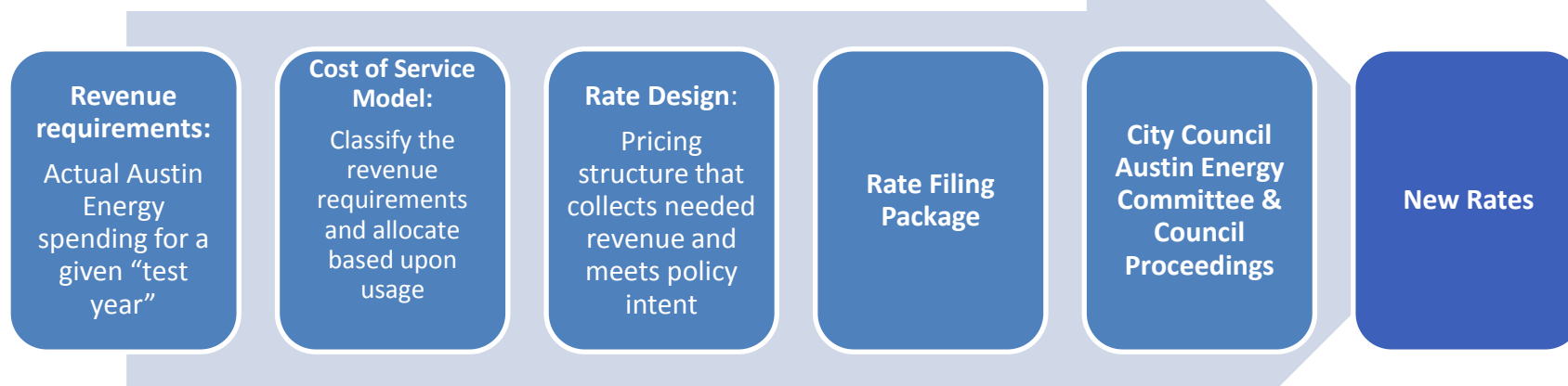
- Fuel prices
- Generation availability
- Wholesale prices
- Transmission
- Wind
- Solar exposure
- Temperature
- Nodal market price
- Load





Austin Energy Retail Rate Making Process

Austin Energy uses the embedded cost methodology to set retail rates. This method uses historic costs, analyzes how those costs were incurred, makes adjustments for known and measurable differences and sets rates to recover those costs from the customers. This is the most common method used by utilities to establish rates in a regulated environment.



Austin Energy anticipates conducting a cost of service study in 2016, using 2014 as the test year, and implementation of new rates effective in FY 2017.



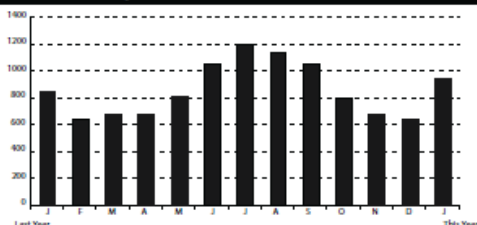
Austin Energy Service Billing

SAMPLE BILL: Residential

Page 2 of 4

Service Details

Your Electricity Use (KWH)



Current Month

Days of service 35
kWh used 913
Avg. kWh per day 26.1
Avg. cost per day \$2.65

13 month avg. consumption: 840.2

ELECTRIC SERVICE

PowerLink Number:123456789

123 RESIDENTIAL BLVD

Meter # 123456

| Read Date | 12/20/2014 | 01/24/2015 | Consumption |
|-----------|--------------------------|------------|-------------|
| Read | 85776 | 86689 | 913 |
| | Reading Difference | | 913 |
| | Total Consumption in KWH | | 913 |

City of Austin - Electric Residential Rate

| | |
|--|----------------|
| Customer Charge | \$10.00 |
| Tier 1 first 500 kWh at \$0.018 per kWh (winter) | \$9.00 |
| Tier 2 next 913 kWh at \$0.056 per kWh (winter) | \$23.13 |
| Regulatory Charge 913 kWh at \$0.00830 per kWh | \$7.58 |
| Community Benefit Charges | \$6.07 |
| Power Supply Adjustment 913 kWh at \$0.03945 per kWh | \$36.02 |
| Residential Sales Tax | |
| City Sales Tax 1% | \$0.92 |
| TOTAL CURRENT CHARGES | \$92.71 |

Want to save money on your electric bill? Visit austinenenergy.com for information on our rebate programs and energy saving tips.

These charges represent the total cost to a residential customer inside the City of Austin for an average month billed at winter rates.



Austin Energy Financial Policies

Austin Energy has 21 adopted financial policies. These policies are memorialized and adopted by ordinance each year during the budgeting process. They are published in Volume II of the City of Austin's budget. They cover a variety of financial issues, including:

- Use and limitations on long-term debt funding
- Debt service coverage ratios
- Use and limitations on Commercial Paper
- Cash balance requirements
- General fund transfer
- Debt to equity financing of capital projects
- Reserve funding, balances and uses
- Electric rate levels
- Nuclear and non-nuclear decommissioning funds

Austin Energy financial policies includes more than simply the adopted policies. We also look to numerous other sources for guidance and instruction related to financial matters, including:

- Credit rating agencies
- Bond covenants
- Generally Accepted Accounting Principles
- City budgeting
- City procurement
- City Council instructions, resolutions and ordinances
- Federal Energy Regulatory Commission
- Texas Public Utility Commission
- Contractual requirements
- Business and government best practices
- ERCOT Protocol and credit standards

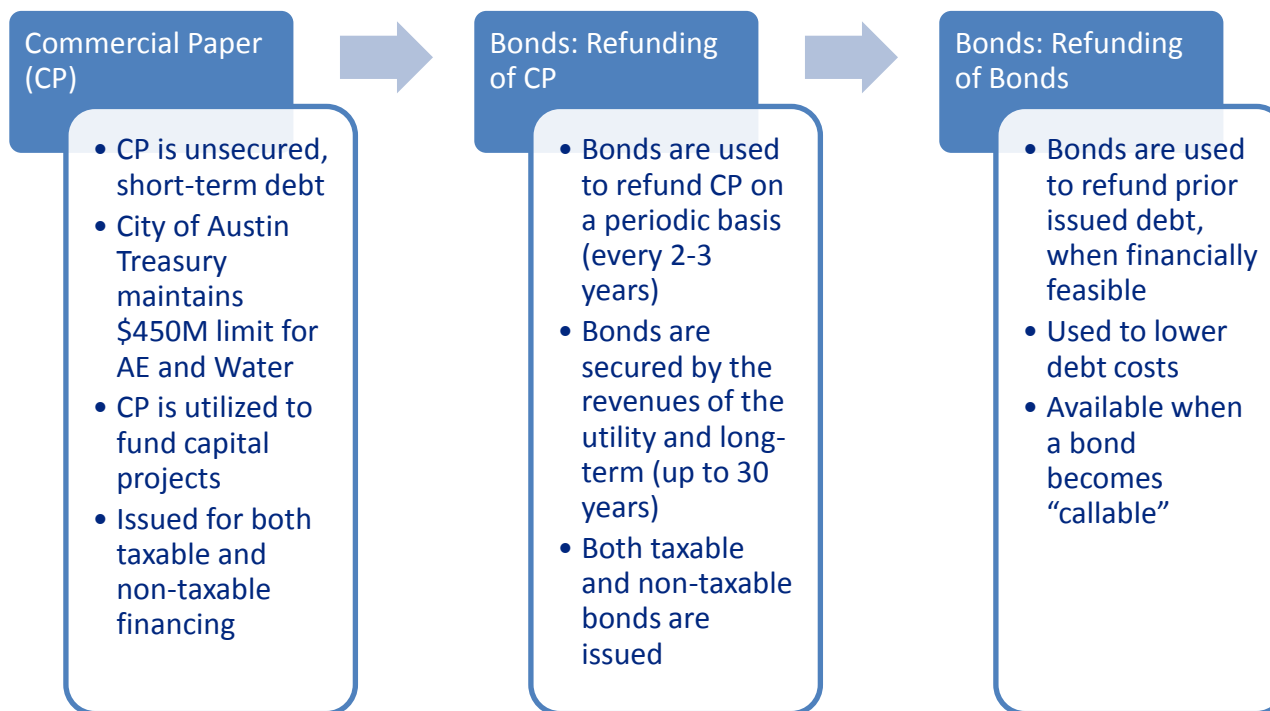


Austin Energy Discussion Topics

1. Financial overview, page 2
- 2. Commercial Paper and refunding bonds, page 13**
3. Cash and reserves, page 18
4. Bad debt, payment arrangements, arrearage management, and hearing process, page 21
5. Customer Assistance Program enrollment, page 36
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Austin Energy Debt Funding

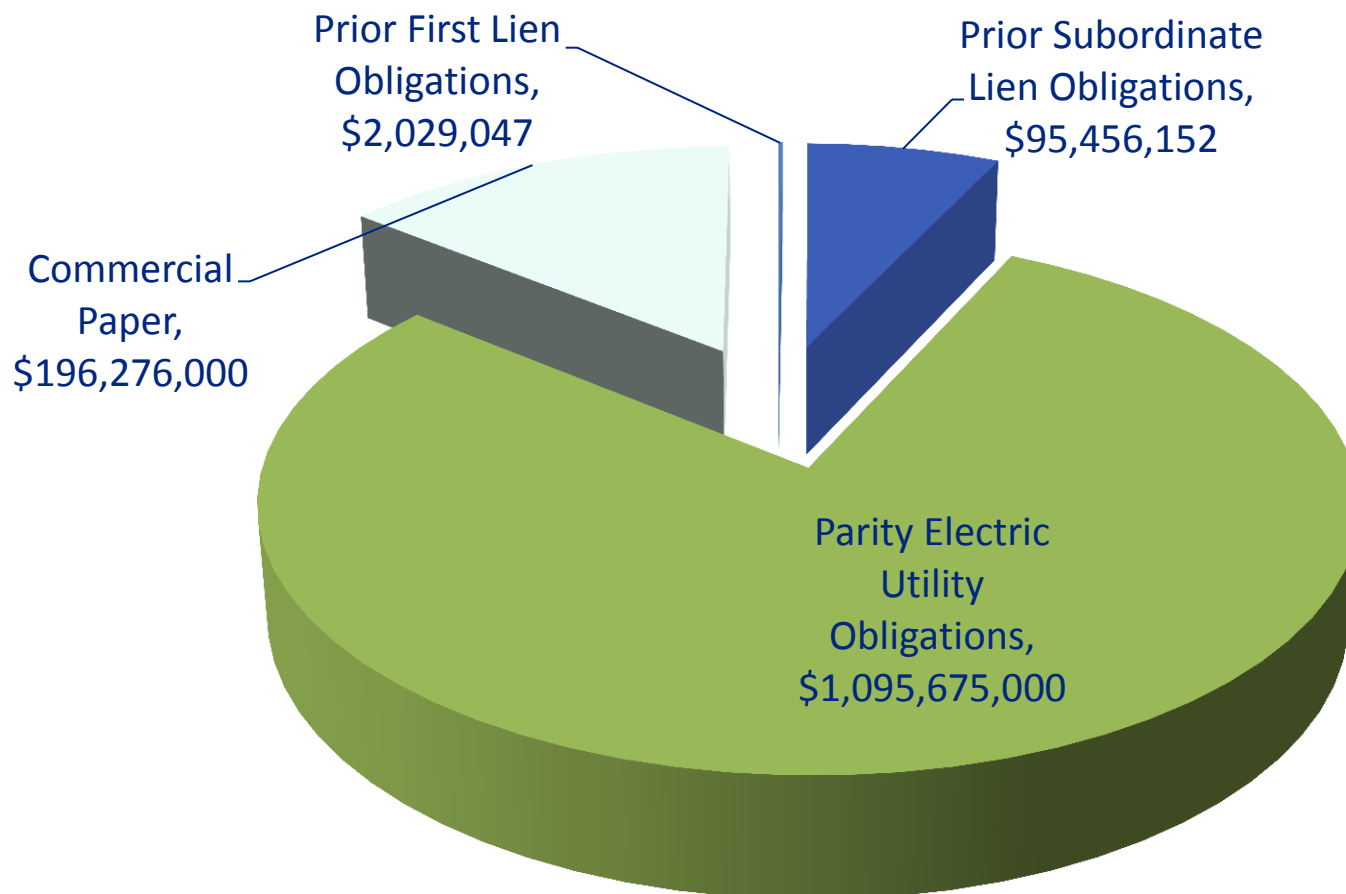


| Credit Rating Agency | Rate Range Default/Highest Risk-----Highest Credit Quality | Austin Energy's Rating |
|----------------------|---|------------------------|
| Fitch Inc. | D, C, CC, CCC, B, BB, BBB, A, AA , AAA + or – indicates strength or weakness in the assigned rating | AA- |
| Moody's | B3, B2, B1, Ba3, Ba2, Ba1, Baa3, Baa2, Baa1, A3, A2, A1 , Aa3, Aa2, Aa1, Aaa | A1 |
| Standard & Poor's | D, C, CC, CCC, B, BB, BBB, A, AA , AAA + or – indicates strength or weakness in the assigned rating | AA- |



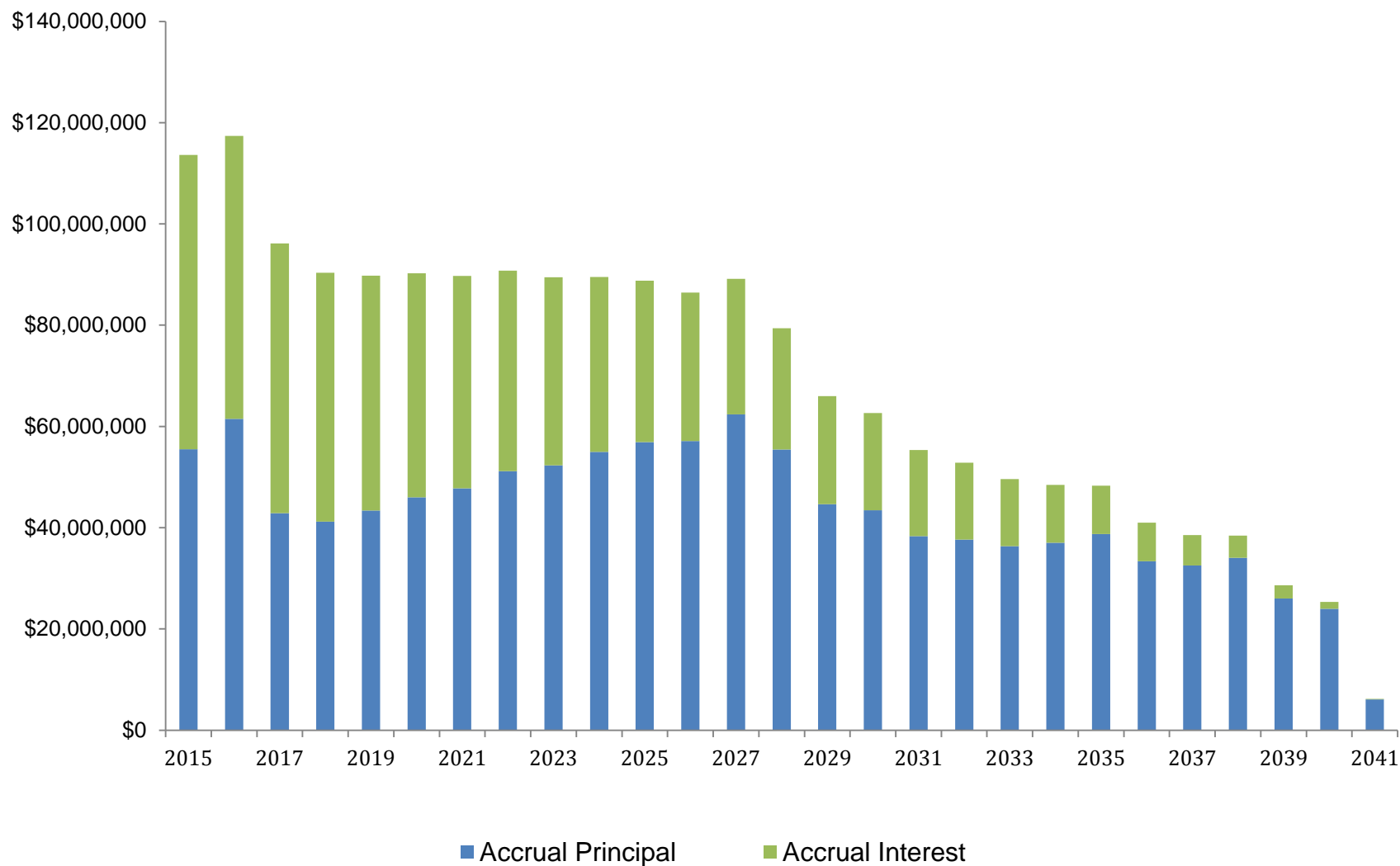
Austin Energy Current Debt Levels

Austin Energy currently has \$1.193 Billion of principal in long-term debt and \$196 Million in short-term Commercial Paper debt.





Austin Energy Annual Debt Service Requirements





Austin Energy Refunding Bond Schedule

Austin Energy anticipates selling Refunding Bonds in FY2015. The bonds will be used to refund approximately \$200M in Commercial Paper and the refinancing of two existing bonds. Total bond offering is expected to be approximately \$400M.

| Approximate Dates | Event |
|-------------------|--|
| Feb 24 – Apr 21 | Austin Energy, City Finance and PFM Financial Advisors prepare the Preliminary Official Statement |
| Apr 6 – 10 | Austin Energy, City Finance and PFM Financial Advisors meet with Rating Agencies |
| April 17 | Rating Agencies publish credit ratings |
| April 23 | Parameter ordinance presented to City Council for action |
| May 7 & 8 | Austin Energy, City Finance, PFM Financial Advisors and underwriters meet with potential investors |
| May 12 | Bonds are priced |
| May 19 – 21 | Final Official Statement is prepared and submitted to the underwriter |
| June 2 | Transaction closes and delivery of bonds and funds are made |



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Austin Energy Cash and Reserves

| Reserve | Basis for Level of Funding | September 2010 | September 2011 | September 2012 | September 2013 | September 2014 | February 2015 |
|-------------------------------------|--|----------------|----------------|----------------|----------------|----------------|---------------|
| Working Capital (Operating Cash) | Minimum requirement – 45 days of O&M less fuel & purchased power | \$134 | \$71 | \$49 | \$119 | \$151 | \$188 |
| Strategic Reserve: | | | | | | | |
| Emergency | Minimum requirement – 45 days of O&M less fuel & purchased power | \$66 | \$68 | \$69 | \$81 | \$81 | \$91 |
| Contingency | Up to a maximum – 60 days of O&M less fuel and purchased power | \$66 | \$68 | \$47 | \$25 | \$25 | \$17 |
| Rate Stabilization | Maximum balance – 90 days of power supply costs | | | \$0 | \$0 | \$0 | \$0 |
| Competitive Reserve | No minimum/maximum policy | \$9 | \$4 | | | | |
| Total Strategic Reserve: | | \$141 | \$140 | \$116 | \$106 | \$106 | \$108 |
| Repair and Replacement | Maximum balance – ½ of annual depreciation expense | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Non-Nuclear Decommissioning Reserve | Based on engineering study and funding begins minimum of 4 years prior to date of plant closure. | \$15 | \$20 | \$15 | \$11 | \$8 | \$8 |
| Total | | \$290 | \$231 | \$180 | \$236 | \$265 | \$304 |
| Target for all Cash and Reserves | | \$198 | \$225 | \$373 | \$400 | \$419 | \$468 |



Austin Energy Reserves Recommendation

Maintain current policies on the use of cash and reserves as adopted in the FY14-15 Budget, Volume II.

Recommendation:

- Austin Energy complete the independent reserves study currently underway and expected to be final June 30, 2015. Includes:
 - Benchmarking review of decommissioning costs for Fayette and Sand Hill.
 - Engineering cost estimate for the decommissioning of Decker Creek.
 - Recommend changes to the policies and funding methodologies for the Rate Stabilization, Strategic, Working Capital, and Repair and Replacement funds.
- Austin Energy will bring forward the results of the study, options and recommendations during the FY15-16 Proposed Budget



Austin Energy Discussion Topics

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How Did We Get Here?

Five drivers for current state of outstanding debt levels:

1. Summer Weather Disconnection Moratoriums (2011)
2. System conversion preparation, conversion, and stabilization (2011-2012)
3. Collections module implementation (2012-2013)
4. Summer + Winter Weather Disconnection Moratoriums (2013-2015)
5. Payment Arrangement Policy

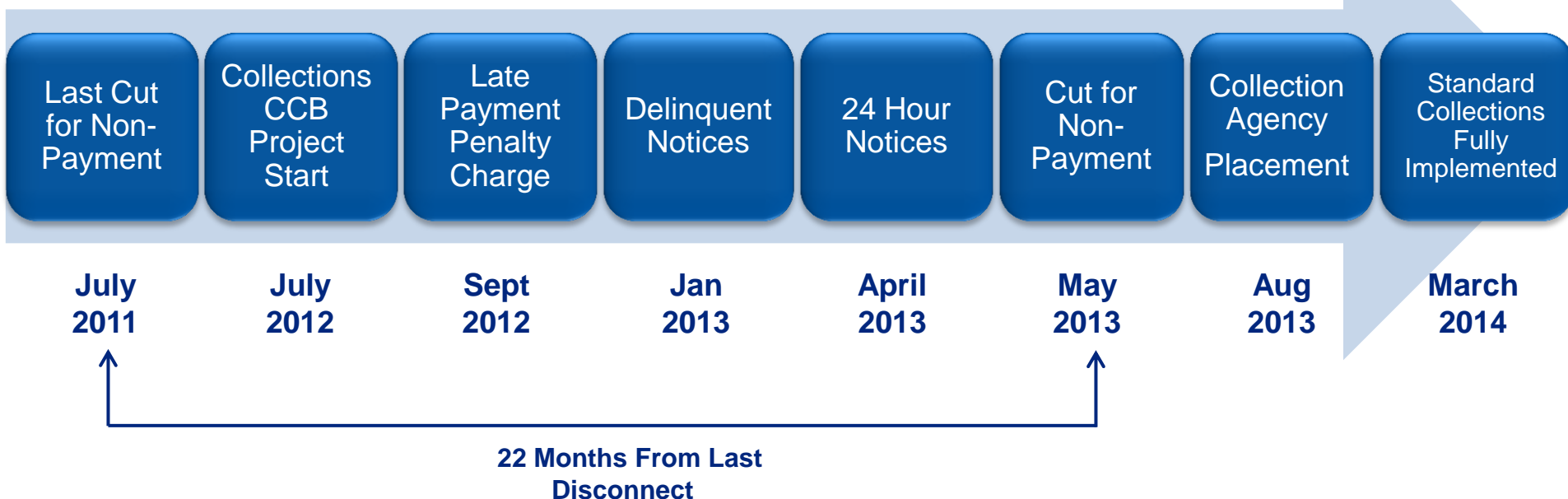
Austin Energy bills and collects for all City of Austin utilities



How Did We Get Here?

Standard collection practices were fully implemented over a 13 month period, using a **customer-centric phased approach**, during which:

- Delinquent balances were included on each customer's bills
- Collections efforts were communicated to customers through bill messages, letters and media
- Proactive contact approach was applied to customers with high bills, reducing number of accounts with high balances by 74%





Current Challenge

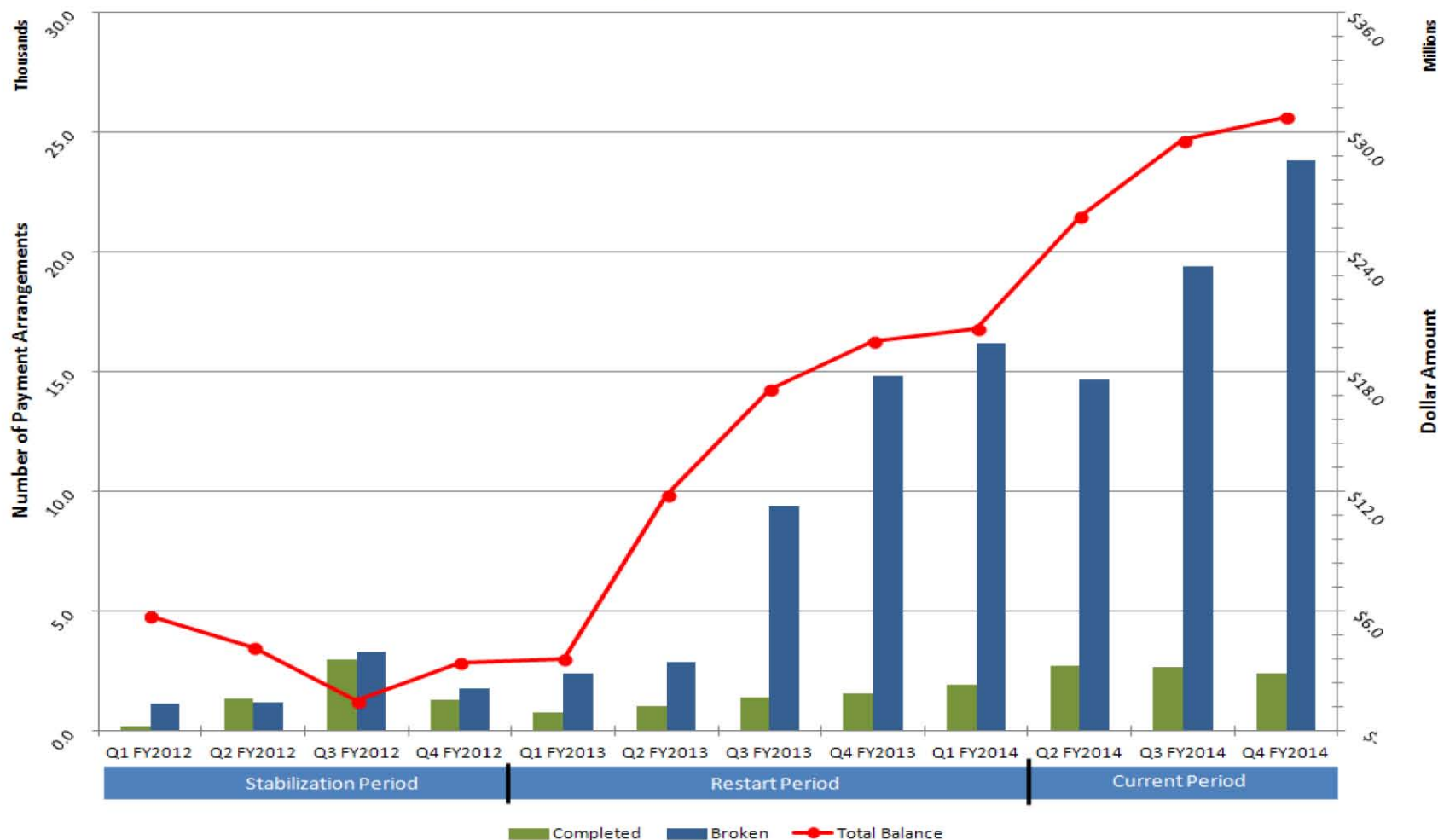
Payment Arrangement & Reconnection policies changed in 2013, resulting in:

- No down payment requirement
- Longer terms/smaller installments
- Multiple opportunities to enter into additional Payment Arrangements on the same debt
- Ability to re-establish service without first paying old debt



Impact of Payment Arrangement Policy

Quarterly Payment Arrangement Allocation (# Ending / Total \$)



Customer behavior did not improve with a more relaxed Payment Arrangement policy.

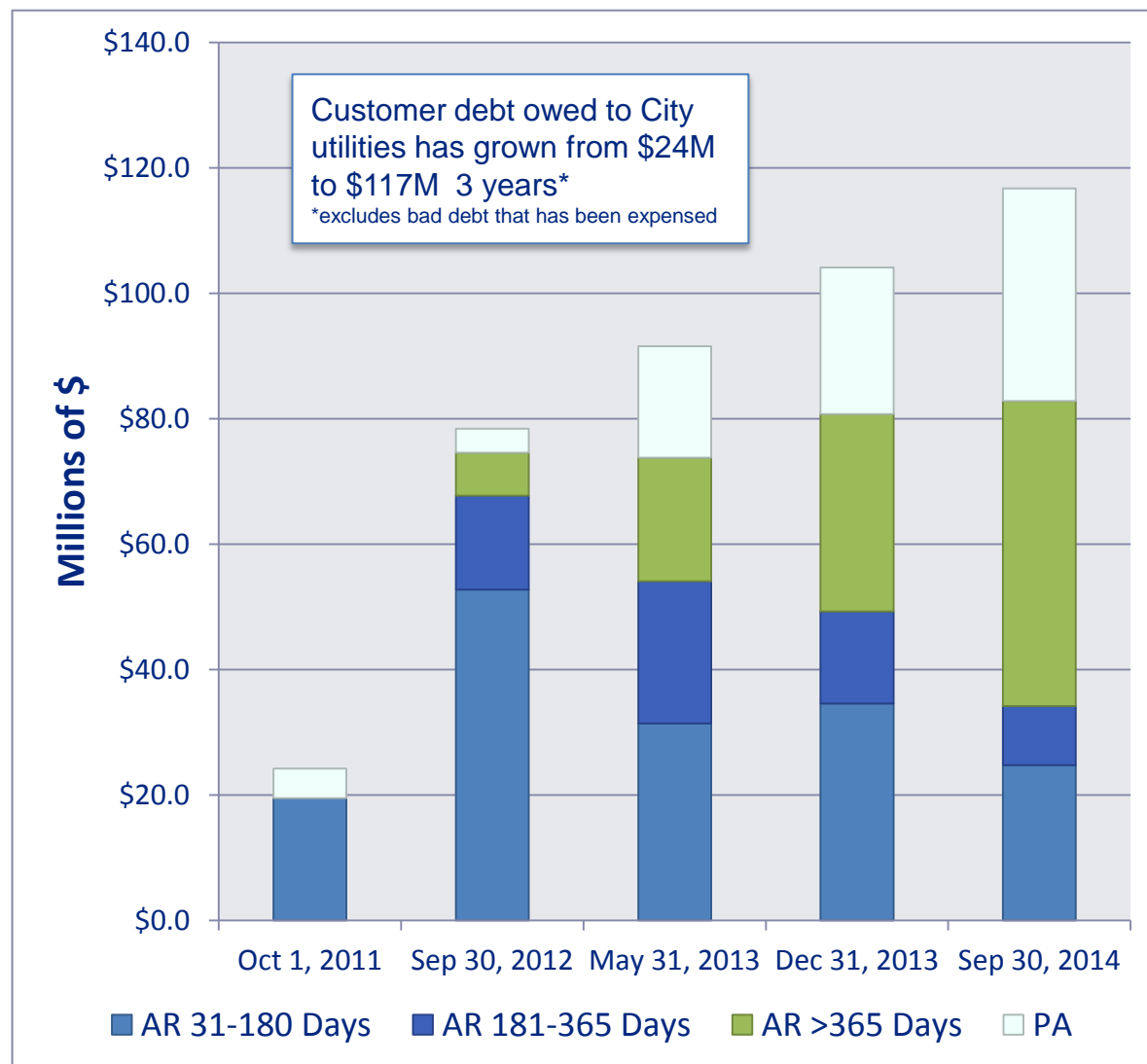


Relationship Between Payment Arrangements and Bad Debt

An increase in Payment Arrangements causes an increase in Accounts Receivable (AR)

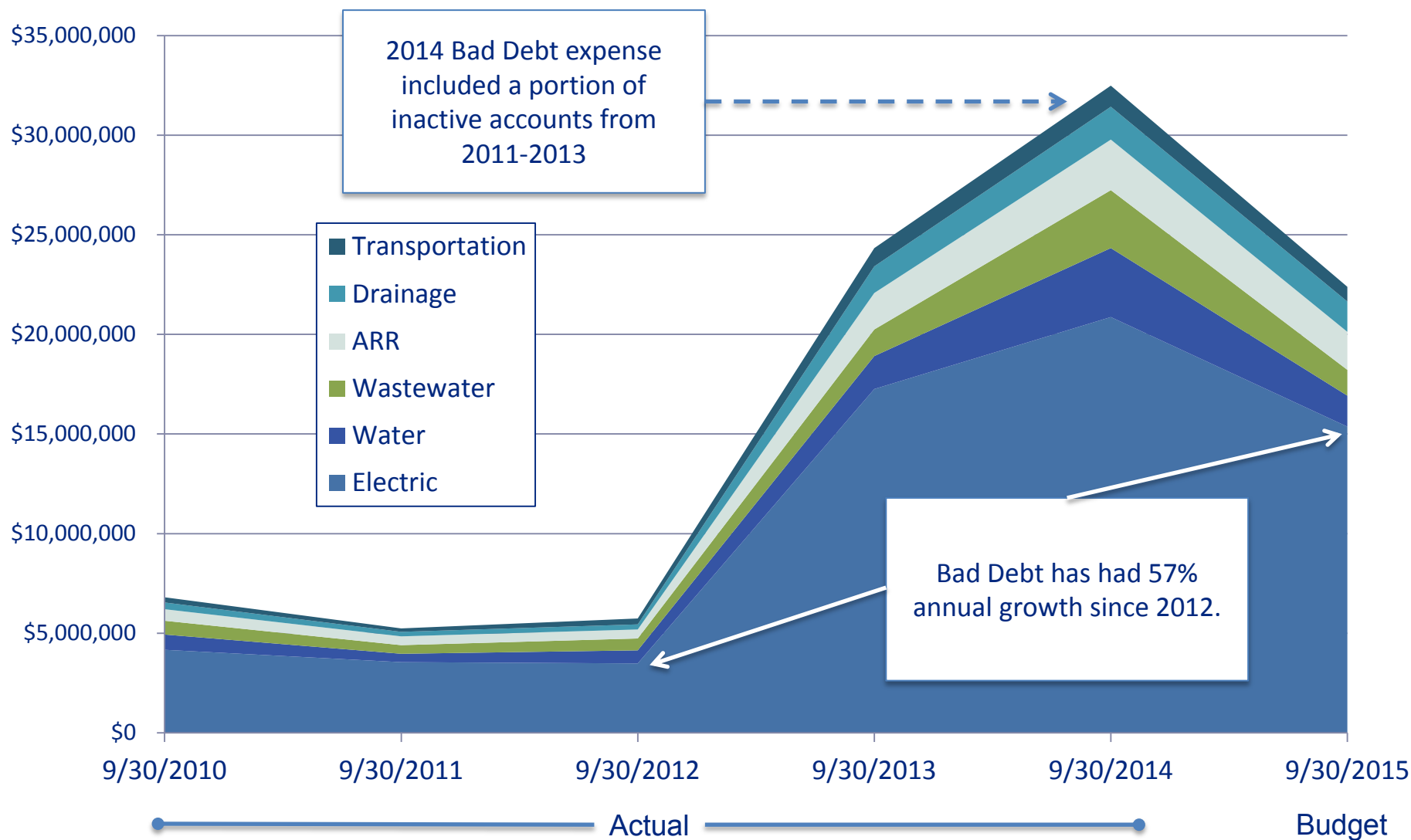
As Accounts Receivable age and Payment Arrangements are broken or the customer becomes inactive, Bad Debt increases

As Bad Debt increases, rates must increase to cover the loss in revenue



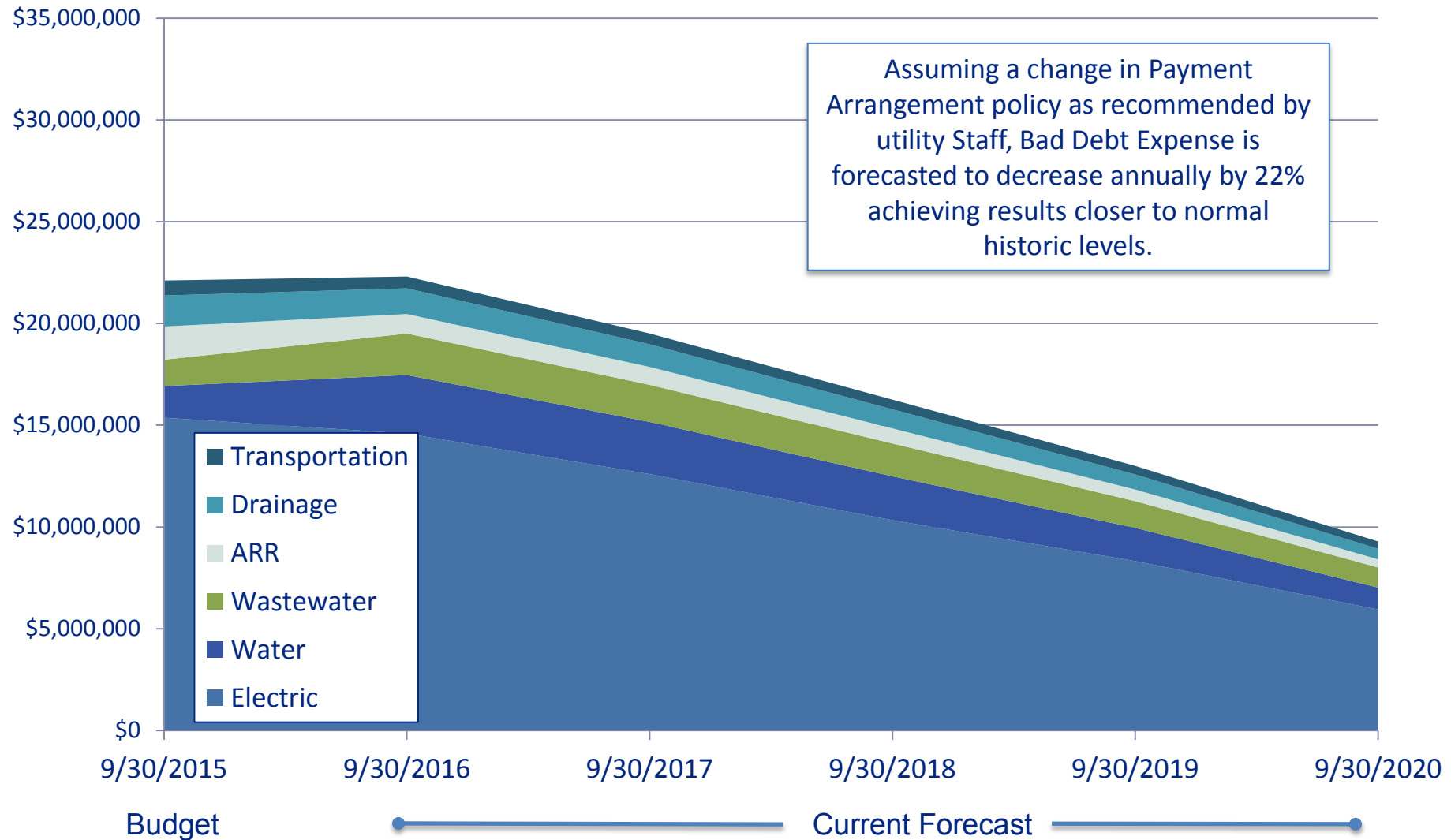


Austin Utilities' Bad Debt Expense History





Austin Utilities' Bad Debt Expense Forecast



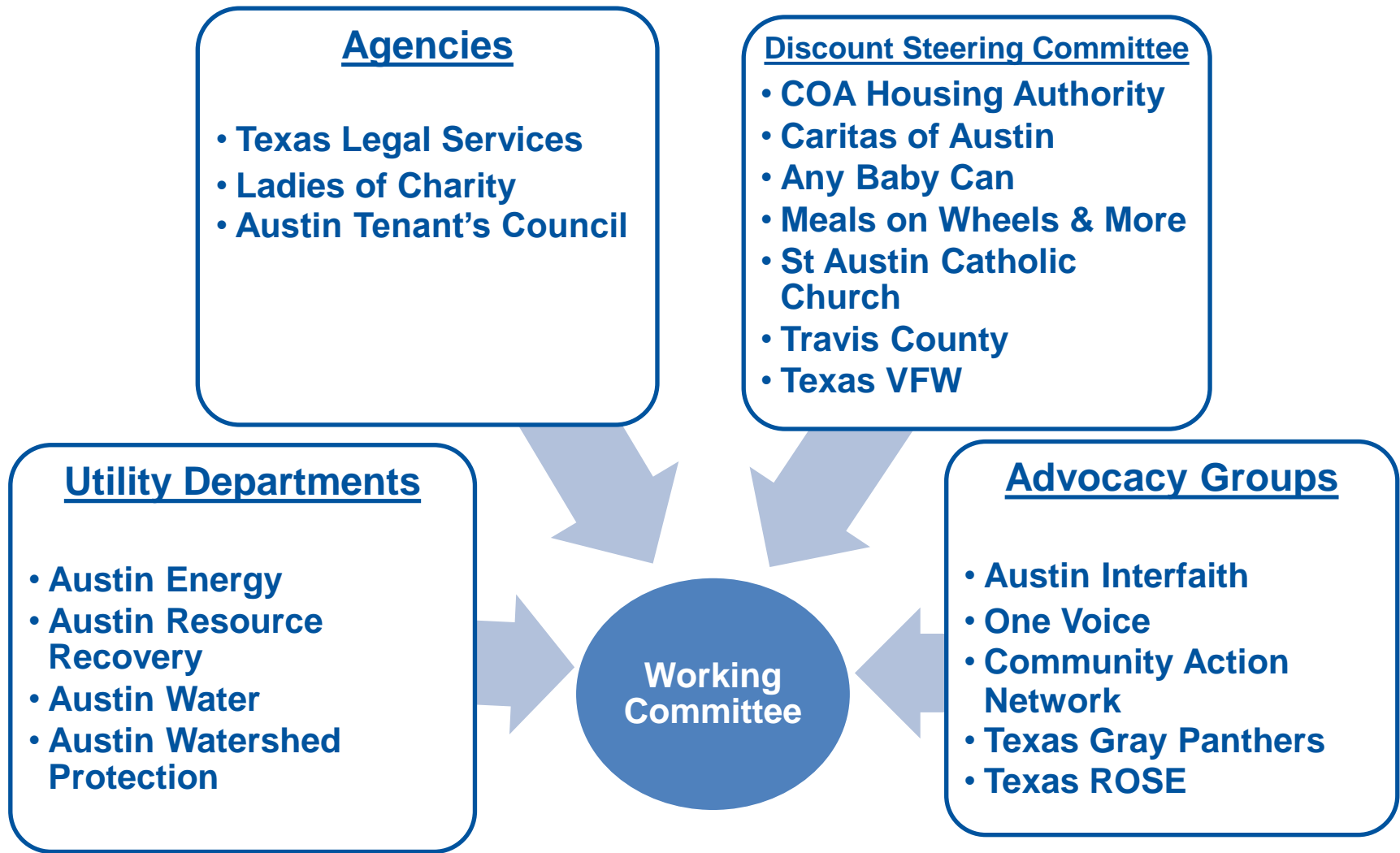


Current Payment Arrangement Policy

| | Current Policy Customer Assistance Program (CAP) | Current Policy Non-CAP |
|-----------------------------------|---|---------------------------|
| Eligibility | Eligible CAP Discount Customers | All Residential Customers |
| Length of Term | Unlimited (Payment not to exceed 5% of Federal Poverty Income Level) | 36 months |
| Number of PA's Allowed | 3 Payment Arrangements, 4th Payment Arrangement for any customer identifying a "Bona Fide" Reason * | |
| Disconnect | Yes, after 4 broken arrangements | |
| Down Payment | None required | |



Low Income Consumer Working Group





Working Committee Recommendation

| | Working Committee Recommended Policy for CAP | Working Committee Recommended Policy for Non-CAP |
|---|--|--|
| Eligibility | Eligible CAP Discount Customers | General Residential Customers |
| Length of Term | Unlimited (Payment not to exceed 5% of Federal Poverty Income Level) | Up to 24 months (CSR) Up to 36 months (Supervisors) |
| Number of PA's Allowed | 3 Payment Arrangements 4th with "Bona Fide" Reason* | 3 Payment Arrangements 4th with "Bona Fide" Reason* |
| Down Payment | NO | Yes -Down payment equal to first month installment |
| *Bona Fide Reasons = serious illness or injury by account holder or household member; loss of employment; economic loss due to natural disaster; domestic violence against the customer; a commitment by an independent program to assist customer with payment | | |



Payment Arrangement Policy – Staff Alternatives

| | City of Austin Utilities Response to CAP Policy | City of Austin Utilities Response to Non-CAP Policy |
|---|--|--|
| Eligibility | Eligible CAP Discount Customers | General Residential |
| Length of Term | 36 month maximum; Payment not to exceed 5% of Federal Poverty Income Level | Up to 8 months (CSR) Up to 12 months (Supervisors) |
| Number of PA's Allowed | 2 Payment Arrangements 3rd with *Bona Fide Reason | 1 Payment Arrangement 2nd with "Bona Fide" Reason |
| Down Payment | NO | Yes - 50% down, exceptions approved by Supervisors |
| *Bona Fide Reasons = serious illness or injury by account holder or household member; loss of employment; economic loss due to natural disaster; domestic violence against the customer; a commitment by an independent program to assist customer with payment | | |



Arrearage Management

Arrearage Management Programs are incentive based programs that provide long-term financial assistance and relief for low-income customers who have significant past due amounts (arrears) on their utility bills.

Design Considerations

- Longer-term customer debt management
- Customer and City make monthly payments on outstanding customer debt
- Limited to active residential customers who had electric services from June 2011 to June 2013 (CC&B Stabilization Period)



Arrearage Management Program – Staff Alternatives

| | City of Austin Utilities Response CAP (Same as Working Group) | City of Austin Utilities Response Stabilization Period (Non-CAP) |
|--------------------------------|--|---|
| Eligibility | Eligible CAP Discount Customers | <p>The Utilities do not recommend an arrearage management program for this group.</p> <p>City recommends a special <u>60-month</u> Payment Arrangement</p> <p>2 Payment Arrangements 3rd with "Bona Fide" Reason</p> |
| Benefits | Immediate incentive for debt reduction. Customer receives education classes and free weatherization. | |
| Length of Program | <i>Determined by amount of debt;</i> \$1,750-\$3,000 = 12 months \$3,001-\$6,000 = 24 months \$6,001+ = 36 months | |
| Down Payment | Not required | |
| Customer Payment Amount | 1 st trimester - 40%, 2 nd trimester - 30%, 3 rd trimester - 20% | |
| Customer Debt | \$0.5M | |



Hearings Process Recommendations

| Advocacy Recommendations | Austin Energy Response | Impact |
|---|---|--|
| 1. Provide results of administrative review to the customer in writing | Partially concurs | <ul style="list-style-type: none">• Requires 2-4 additional FTE's (Potential of over 5,000 written responses a month)• City Regulation changes required |
| 2. The Hearings Officer manages the entire hearings process | Partially concur (Current contract in place through FY16) | <ul style="list-style-type: none">• Increase in contract cost due to Hearings Office requiring more staff;• City Regulation changes required |
| 3. Provide hearings packet to the customer at least 10 days prior to scheduled hearing date | Concur | <ul style="list-style-type: none">• City Regulation changes required |
| 4. Create an ombudsman for customer support | Not applicable | <ul style="list-style-type: none">• None |
| 5. Provide general information about the dispute and hearings process to customers annually | Concur | <ul style="list-style-type: none">• None |
| 6. Provide additional locations for hearings | Concur | <ul style="list-style-type: none">• AE is looking to expand to other potential services sites |
| 7. Develop and provide annual reports on the hearings process and rulings | Concur | <ul style="list-style-type: none">• None |



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Austin Energy Customer Assistance Program Enrollment

- **Current Enrollment:** Approximately 44,831 households (end February)
- **Eligibility:** Any household member participates in one of the following:
 - Comprehensive Energy Assistance Program (CEAP)
 - Travis County Hospital District Medical Access Program (MAP)
 - Supplemental Social Security Income Program (SSI)
 - Medicaid
 - Supplemental Nutritional Assistance Program (SNAP)
 - Children's Health Insurance Program (CHIP)
 - State Telephone Lifeline
- **Qualification:**
 - Automatic via a monthly computerized list matching process using County and State program enrollment data
 - Self-enrollment via dedicated call center
- **Benefit:**
 - Average monthly discount of \$21, plus discounts from Austin Water and Watershed Protection
 - Free weatherization for high users
 - Plus 1: One-time bill payment assistance
- **Funding Source:** Community Benefit Charge (CBC)
- **Budget:** > \$12 million annually



Customer Assistance Program Benefits Extended Beyond Target Population

- Concern Raised: Some households not considered in need of assistance (outside the target population) are enrolled in CAP
- How this Occurs:
 - Qualification by any member of the household
 - Automatic qualification through list matching
- Scope:
 - Austin Energy estimate: < 1.5 percent of enrollment

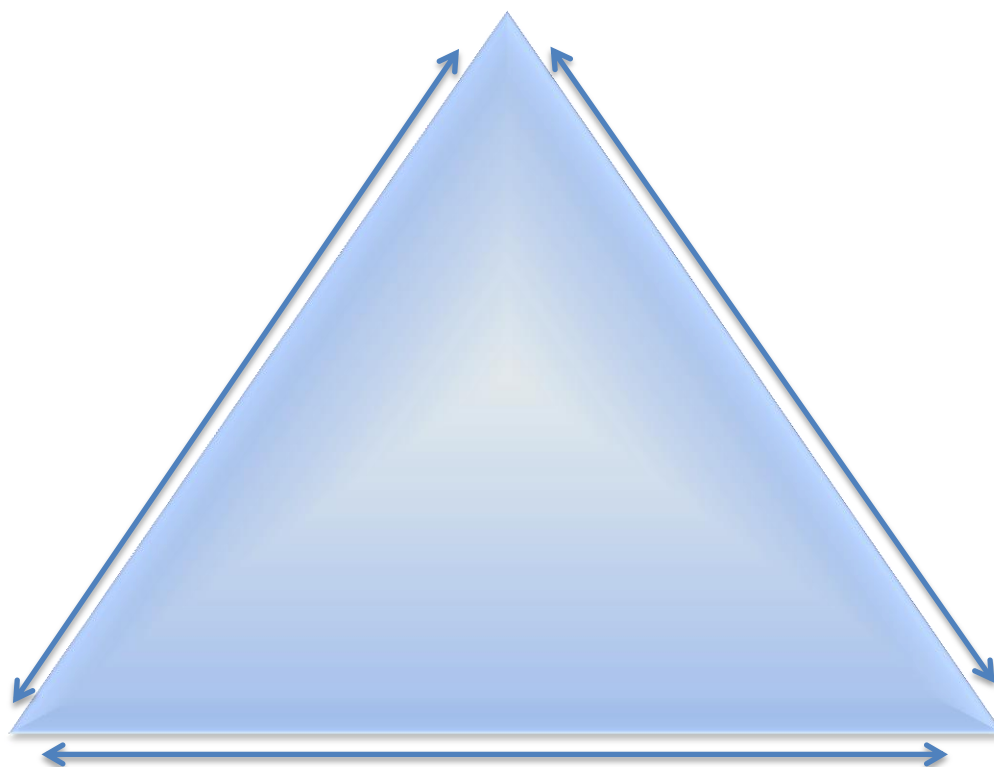
Customer Assistance Program: Policy Options

Policy Options to Exclude Customers Outside the Target Population for CAP

1. Income qualification for all CAP participants
2. Limit automatic qualifications by matching only the named account holders
3. Limit automatic qualifications by matching only the named account holder, income verification for others
4. Limit automatic qualifications by matching only the named account holder, manually qualify others enrolled in the seven social services programs
5. Use County Appraisal District data as a screen for households outside the target population, conduct follow-up with each household
6. Intensify outreach associated with enrollment

What is the Priority?

Minimize impact to operating expenses



Ensure no customer >200% of the federal poverty level receives CAP

No target customer is excluded from the program



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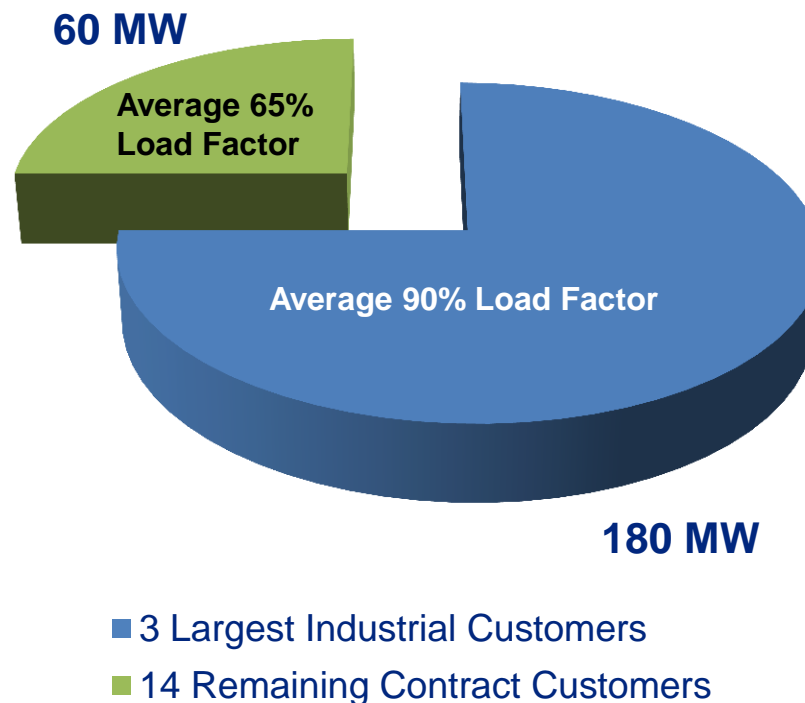


Austin Energy's 3 Largest Industrial Customers

All long-term contracts set to expire May 2015. Only exception is State of Texas which expires May 2017.

- Largest customers defined as more than >20 MW and >90% load factor
- 3 largest customers represent 75% of the total demand under current contracts, each at a single site with close proximity to a substation
- High load factor means they are predictable customers and carry less risk for Austin Energy
- Much less customer care cost per MWh than any other customer
- Represents significant share of Austin Energy's GreenChoice program
- Contracts viewed favorably by our credit rating agencies
- Contracts can be structured to provide stability in Austin Energy's cash flows

Current Contract Customers Megawatt Hours of Demand



Austin Energy is currently in discussions with the 3 largest industrial customers regarding terms for power supply contracts. Final rates will be presented to Council for consideration.



Payment Arrangements & Customer Debt

Austin Energy Utility Oversight Committee
May 28, 2015





Agenda

- Upcoming Council Request
- Bad Debt Expense
- How a Customer Bill Becomes a Utility Expense
- Payment Arrangement Policies
- Customer Debt Increasing
 - FY2014 Policy Change
 - More PA Options Increased Customer Debt
 - Impact on Customers
- Industry Comparison: Payment Arrangements
- Appendix



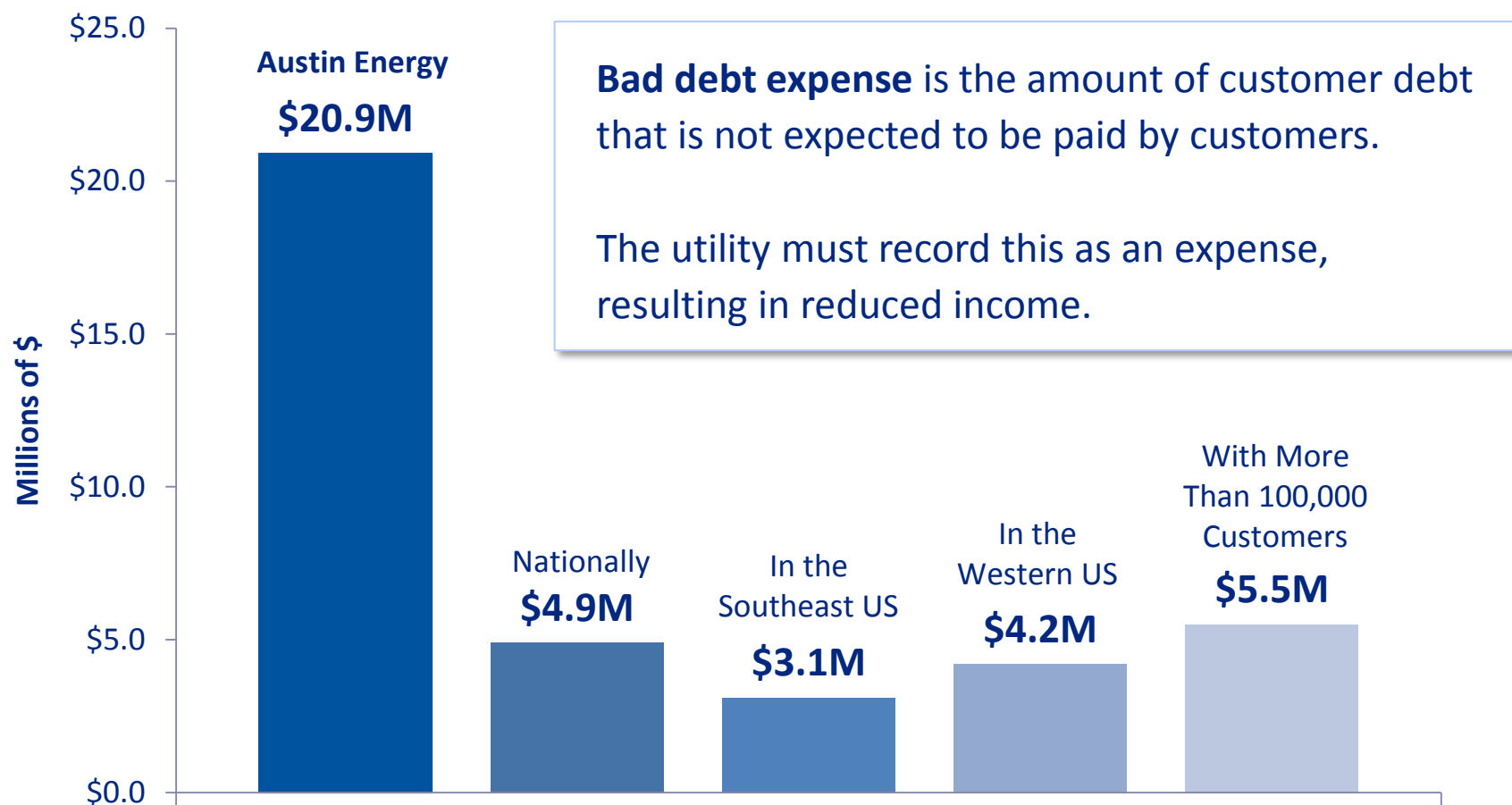
Upcoming Council Request

AE will bring RCA Payment Arrangement (PA)
ordinance to Council on June 18th, 2015



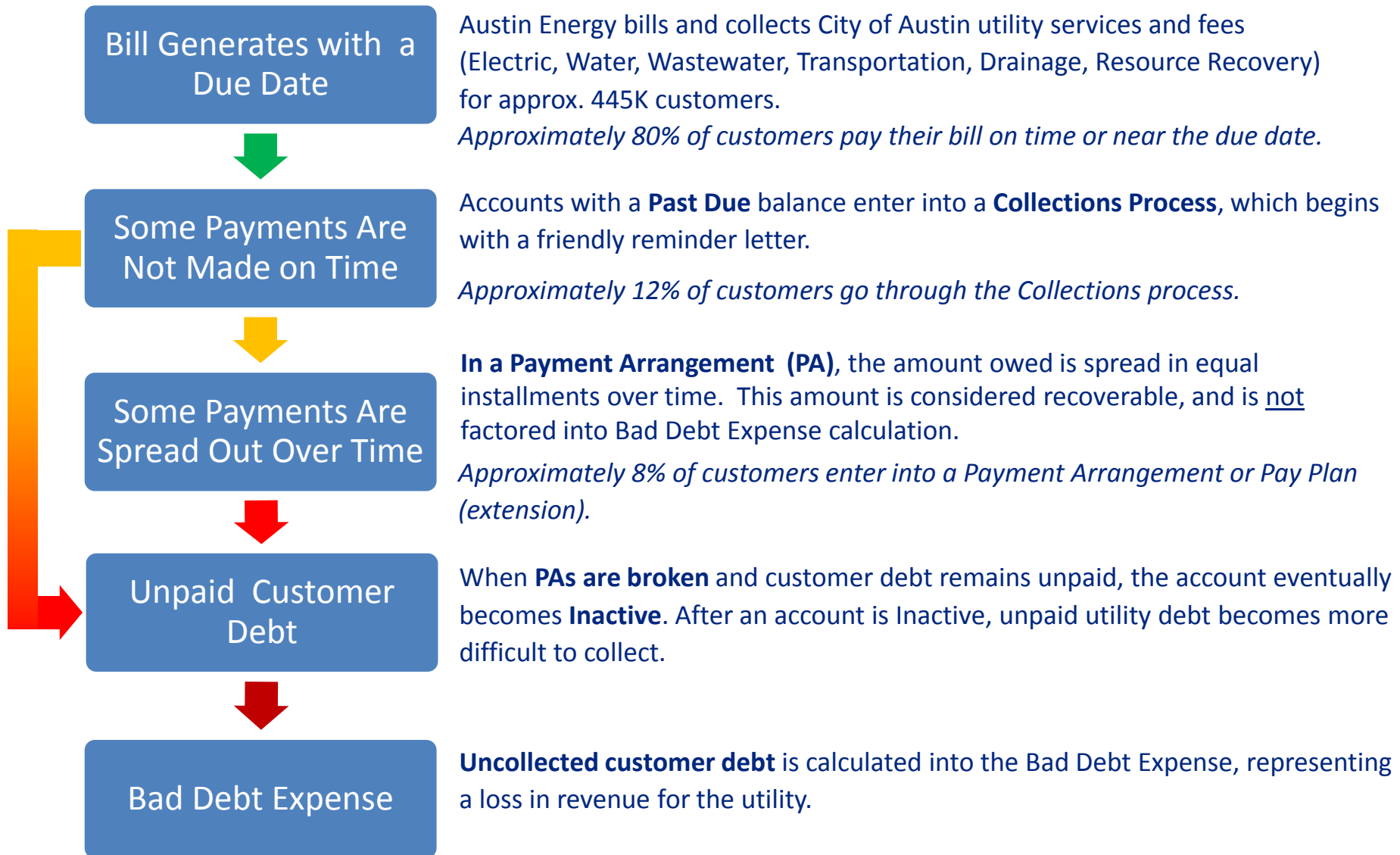
Bad Debt Expense

2014 Bad Debt Expense Industry Comparison



AE's Bad Debt Expense is expected to continue to increase under current policy.

How a Customer Bill Becomes a Utility Expense





CAP* Payment Arrangement Policy

Austin Energy offers a **Customer Assistance Program (CAP)*** for qualified low income and/or medically vulnerable customers. These customers receive a variety of **utility bill discounts**.

| | Current CAP | New CAP (No Change) |
|------------------------|---|---------------------|
| Eligibility | Eligible CAP Discount Customers | |
| Length of Term | 36 Months Payment not to exceed 5% of Federal Poverty Income Level or \$48 | |
| Number of PA's Allowed | 3 Payment Arrangements, 4th Payment Arrangement for any customer identifying a "Bona Fide" Reason | |
| Disconnect | Yes, after 4 broken arrangements | |
| Down Payment | Yes, equal to first installment | |

*Customers who receive any of the following 7 governmental assistance programs are eligible for CAP bill discounts; Medicaid, Supplemental Nutrition Assistance Program (SNAP), Children’s Health Insurance Program (CHIP), Travis County Comprehensive Energy Assistance Program (CEAP), Medical Assistance Program (MAP), Supplemental Security Income (SSI),Telephone Lifeline Program



Residential Payment Arrangement Policy

| | Current Residential | New Residential |
|-------------------------------|--|--|
| Eligibility | All Residential Customers | All Residential Customers |
| Length of Term | 36 months | 24 months |
| Number of PA's Allowed | 3 Payment Arrangements, 4th Payment Arrangement for any customer identifying a "Bona Fide" Reason * | 2 Payment Arrangements |
| Disconnect | Yes, after 4 broken arrangements | Yes, after 2 broken arrangements |
| Down Payment | Yes, equal to first installment | Yes, 10% of total balance, or 30% if disconnected |



Customer Debt Increasing

Customer Debt Over 30 Days Past Due*



8%
per year

FY 2000-2011

Customer debt increased by an **average of \$8.7M** annually, over **11 years**.



28%
per year

FY 2012-2015

Customer debt increased by an **average of \$17.9M** annually over **3.5 years**.

***FY2013:** Revenue increase across all utilities was only 6%.*



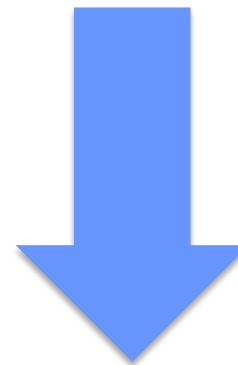
FY2014: Policy Change

FY2014 (fall of 2013) COA Ordinance allowed Customers:

- Lower PA Down payment
- Longer terms/smaller installments
- More opportunities to enter into additional Payment Arrangements on the same debt
- Ability to re-establish service without first paying old debt



Increase in total
number of PAs



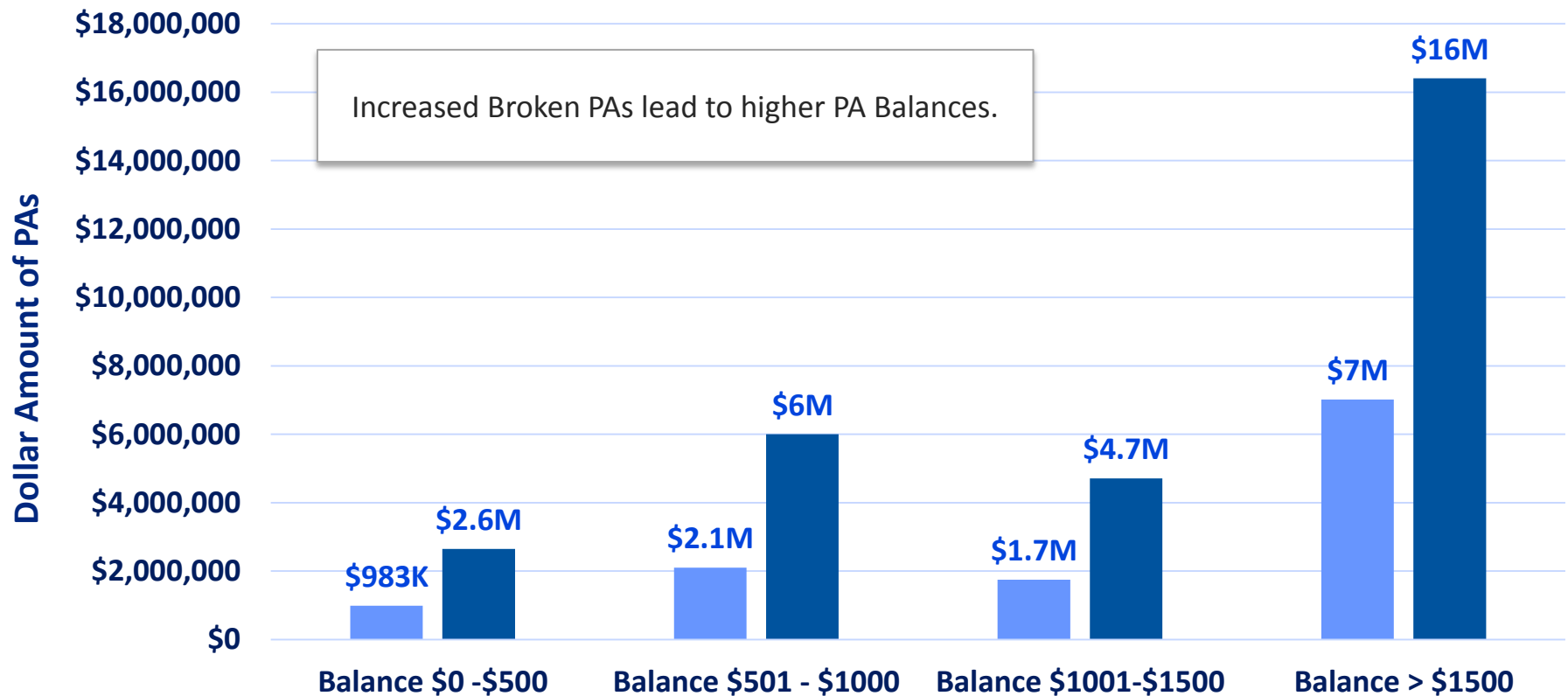
Decrease in
successful
completion of PAs



More PA Options Increased Customer Debt

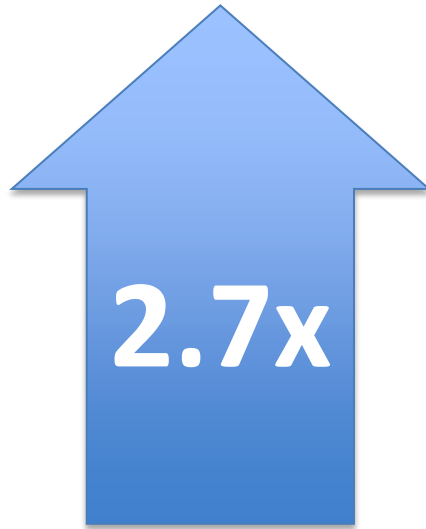
Payment Arrangement Balances

■ 2013 ■ 2015

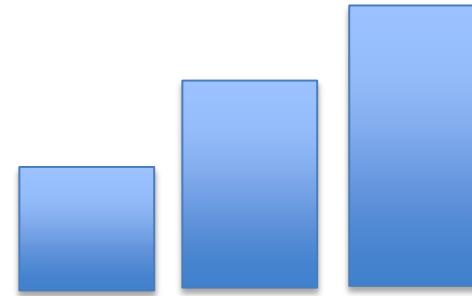




2015: Impact on Customers



As many
Customers are on
PAs in 2015



72%

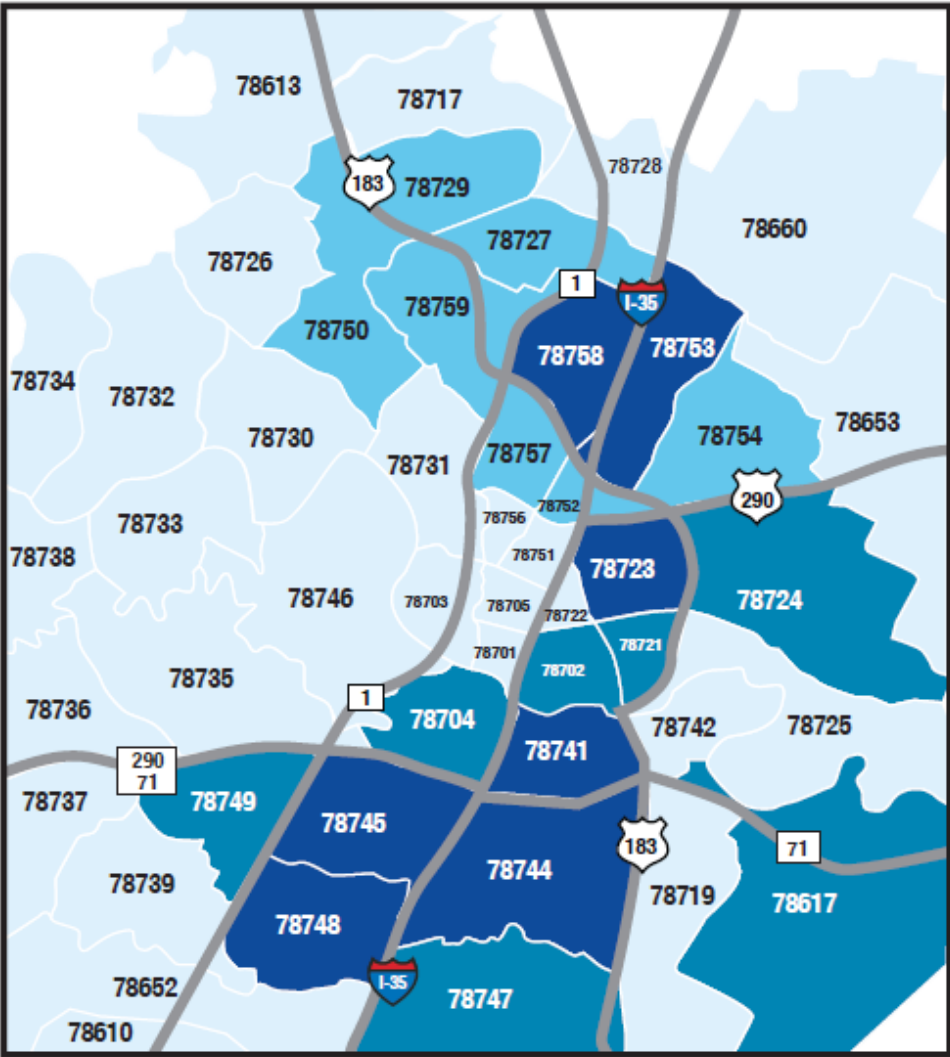
Increase in Total Payment
Arrangement Balances
since 2013

| | Accounts with PAs | Total Balance Due |
|--------------|-------------------|-------------------|
| April FY2013 | 10,244 | \$11,845,154 |
| April FY2015 | 27,760 | \$29,761,331 |

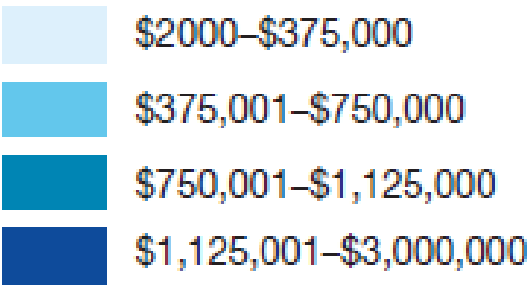


2015: Impact on Customers

Payment Arrangements Are Geographically Dispersed



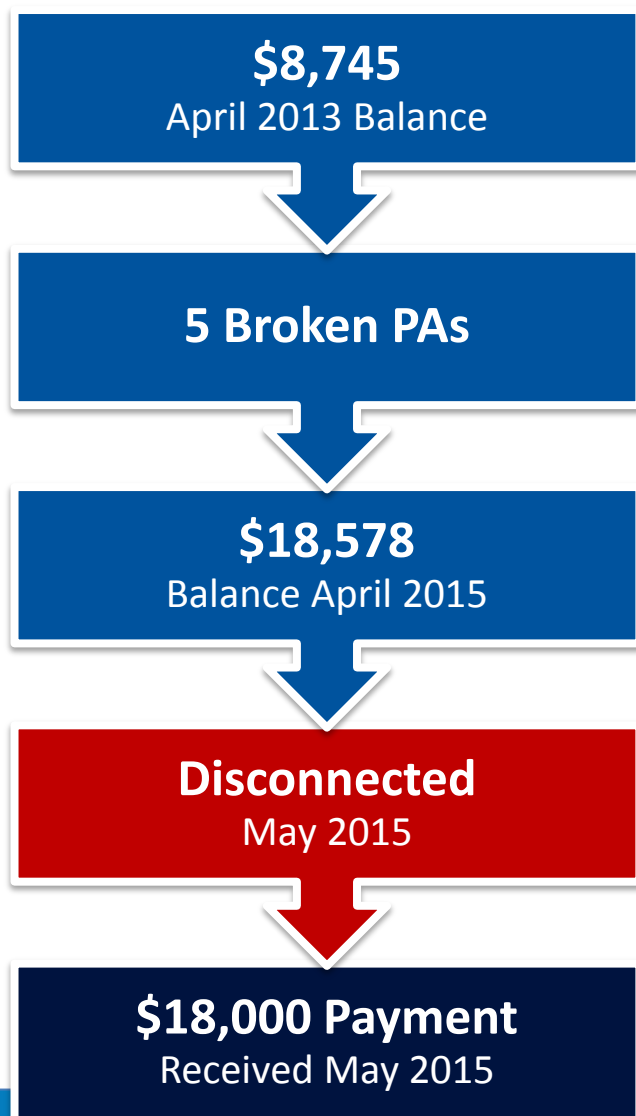
**Total PA \$ Amount
by Zip Code**





2015: Impact on Customers

Customer A



Customer B





Payment Arrangements Offered by Other Utilities

| Utility | Number of PAs Allowed | Max Term Length (months) | Down Payment |
|---------------------------------------|-----------------------|--------------------------|--------------|
| Pedernales Electric Cooperative | 1 | 6 | Yes |
| Bluebonnet Electric Cooperative | 1 | 3 | Yes |
| Salt River Project | 1 | 6+ | Yes |
| City of San Antonio (CPS Energy) | 2 | 12 | No |
| Sacramento Municipal Utility District | 1 | 12 | No |
| Jacksonville Electric Authority (JEA) | 1 | 12 | No |
| Memphis Light Gas and Water | 1 | 5 | Yes |
| Seattle City Light | 2 | 1 | Yes |
| Colorado Springs Utilities | 2 | 1 | No |
| Austin Energy – Current Policy | 4 | 48 | Yes* |

*equal to first installment



Questions

Thank you!

ORDINANCE NO. 20150623-001

AN ORDINANCE AMENDING CITY CODE CHAPTER 15-9 REGARDING DEFERRED PAYMENT ARRANGEMENTS FOR UTILITY ACCOUNTS AND APPROVING DEFERRED PAYMENT GUIDELINES.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

PART 1. City Code Section 15-9-144 is repealed and replaced with a new Section 15-9-144 that reads:

§ 15-9-144 DEFERRED PAYMENT AGREEMENT

- (A) The City shall adopt uniform guidelines for collections and deferred payment agreements.
- (B) The City may agree to allow a customer to make deferred payments on a utility service account. A deferred payment agreement shall allow a residential customer to make reasonable payments toward past due balances according to guidelines approved by the City Council.
- (C) A customer with a past-due balance on an active account may apply to the City for a deferred payment agreement.
- (D) A deferred payment agreement with a residential customer who participates in or qualifies for the City's customer assistance program shall not require a monthly payment that exceeds 5% of the U.S. Department of Health and Human Services poverty guideline for a single person household. The 5% maximum applies even if a qualified customer is denied access to the program because of a lack of funding.
- (E) The utility shall renegotiate a deferred payment agreement if the customer can demonstrate a bona fide need for payment relief arising during the term of the agreement, such as:
 - (1) a serious illness or injury suffered by the customer or a member of the customer's household;
 - (2) loss of employment or deportation;
 - (3) economic loss due to natural disaster;
 - (4) domestic violence against the customer; or

(5) a commitment by an independent program to assist the customer with payment that requires terms other than those in the deferred payment agreement.

(F) The deferred payment terms and conditions set forth in this section are minimum standards to protect residential customers. This section does not prohibit the utility from providing different repayment terms if the customer consents to those terms.

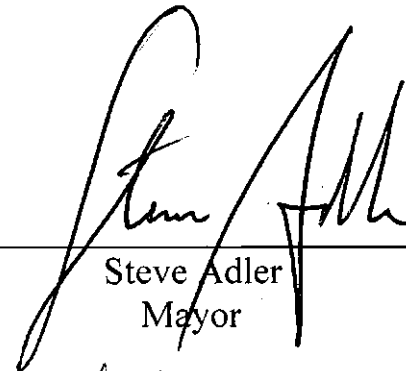
PART 2. The deferred payment guidelines attached as Exhibit A are approved.

PART 3. This ordinance takes effect on July 4, 2015.

PASSED AND APPROVED

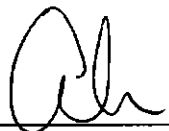
_____, June 23, 2015

§
§
§



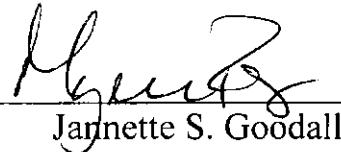
Steve Adler
Mayor

APPROVED:



Anne L. Morgan
Interim City Attorney

ATTEST:



Jannette S. Goodall
City Clerk

Payment Arrangement Procedure

Customers who are eligible for the CAP Discount are eligible for payment arrangements as stated in City Code § 15-9-144.

Payments for residential customers who receive historical debt transfers will be guided under separate procedures.

All other residential customers entering into a new payment arrangement after the effective date will be eligible for payment arrangements under the following three account statuses: Good Standing, Account Watch, and Subject to Disconnection.

A. Customers in “Good Standing” (Payment Arrangement No. 1)

When a customer pays the entire bill by the due date they are considered in Good Standing.

A customer with a past due balance may enter into a deferred payment arrangement subject to the following terms:

- (1) Equal payment installments over a period of up to 24 months shall be presumed to be reasonable if a residential customer is unable to meet the payment arrangements as proposed under existing guidelines.
- (2) The first equal installment under a deferred payment agreement shall be due as a down payment.

A customer with a deferred payment arrangement shall remain in Good Standing when the current monthly bill is paid in full by the due date and 100% of the deferred payment due is paid on or before the next bill due date.

A customer in Good Standing will not be subject to broken payment arrangement provision of payment arrangements or disconnection.

A customer who breaks a Good Standing payment arrangement falls into the Account Watch status.

B. Customers in “Account Watch” status (Payment Arrangement No. 2, and Bona Fide Payment Arrangement, if applicable)

A customer with a deferred payment arrangement who does not remain in Good Standing but whose current monthly bill is paid in full by the due date and whose arrearage is less than \$1000, or an amount determined by the appropriate Customer Service staff member.

Within three business days from the date at which Austin Energy determines a customer falls in Account Watch status, a specially trained Customer Service staff member will contact the

Item #1 – Exhibit A – Special Called City Council meeting June 23, 2015

customer in Account Watch status regarding the status of the account and potential remedies to address the situation, and offer an appointment.

A customer in Account Watch status will be subject to the following payment arrangement terms:

- (1) Equal payment installments over a period of 24 months shall be presumed to be reasonable if a residential customer is unable to meet the payment arrangements as proposed under existing guidelines.
- (2) The first equal installment under a deferred payment agreement shall be due as a down payment.
- (3) The utility shall renegotiate a deferred payment agreement if the customer can demonstrate a bona fide need for payment relief arising during the term of the agreement, such as but not limited to:
 - a serious illness or injury suffered by the customer or a member of the customer's household;
 - loss of employment or deportation;
 - economic loss due to natural disaster;
 - domestic violence against the customer;
 - a commitment by an independent program to assist the customer with payment that requires terms other than those in the deferred payment agreement;

A customer who does not meet the terms of the Account Watch payment arrangements will be "Subject to Disconnection."


C. Customers in "Subject to Disconnection" status (Payment Arrangement No. 3)

A customer who is not in Good Standing status or who does not meet the criteria for Account Watch status will be placed in "Subject to Disconnection" status.

A payment arrangement requiring a 50% down payment of the total debt (due in 15 days) and a maximum of eight monthly installments. Customers may be required to sign a payment arrangement contract. If any of the terms of the payment arrangement are broken the customer will be subject to disconnection under the terms stated in City Code **ARTICLE 7 – TERMINATION OF SERVICE**.

D. Reporting

Austin Energy will meet with consumer groups and Council staff to identify performance measures for these proposed changes so that regular reporting on the payment arrangement metrics begins 60 days after adoption of the procedures and policy.

| <div style="text-align: center;">  </div> | | | | |
|---|---|-------|---------------|---------------|
| Recommendation for Council Action | | | | |
| Austin City Council | Item ID | 46886 | Agenda Number | 1. |
| Meeting Date: | 6/23/2015 | | Department: | Austin Energy |
| Subject | | | | |
| Approve an ordinance amending City Code Chapter 15-9 regarding utility deferred payment agreements. | | | | |
| Amount and Source of Funding | | | | |
| | | | | |
| Fiscal Note | | | | |
| | | | | |
| Purchasing Language: | | | | |
| Prior Council Action: | December 5, 2013 - Approved Ordinance No. 20131205-007 | | | |
| For More Information: | Kerry Overton, Deputy General Manager, (512) 322-6113 | | | |
| Council Committee, Boards and Commission Action: | June 15, 2015 - The Electric Utility Commission made no recommendation; the motion to approve failed on a 3-3-1 vote with Commissioners Hadden, Meijer, and Osborne voting against and Commissioner Rai absent. | | | |
| MBE / WBE: | | | | |
| Related Items: | | | | |
| Additional Backup Information | | | | |
| <p>City Council approved Ordinance No. 20131205-007 in December 2013 modifying City Code in relation to utility deferred payment arrangements (see summary below).</p> <ul style="list-style-type: none"> • Part 2 (D) Disconnected CAP customers who enter into a payment arrangement will have services restored without reconnection fee or deposit. • Part 3 (D) All residential customers are allowed to enter into 24 month payment arrangements. First installment is due as down payment. • Part 3 (E) CAP customers pay a maximum of 5% of the United States Department of Health and Human Services monthly poverty guideline for a single person household. • Part 3 (F) Customers may renegotiate the payment arrangement if they demonstrate a bona fide need for payment relief. <p>Since passage of that Ordinance, the total number of arrangements and amount of customer debt tied to these arrangements has increased without a corresponding increase in successfully completed payment arrangements.</p> <p>The attached Ordinance provides staff with greater flexibility to work with community stakeholders in developing</p> | | | | |

administrative policies to address the growing amount of customer debt. Staff anticipates working with stakeholders over the coming months to discuss guidelines for the policy that will aid customers in paying down their outstanding balances and increase the ability of customer service representatives to work with individuals. An update on policy changes will be brought before the Austin Energy Utility Oversight Committee for review in late summer.